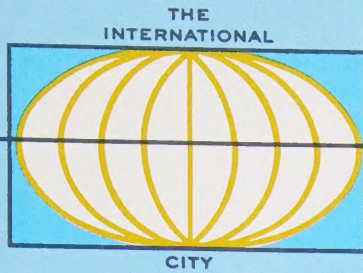


Statement



LONG BEACH REDEVELOPMENT AGENCY
Los Angeles County, California

\$4,860,000

**DOWNTOWN REDEVELOPMENT PROJECT
TAX ALLOCATION BONDS
ISSUE OF 1979**


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1 2
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Los Angeles County, California

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Special Services

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McDonough, Holland, Schwartz & Allen, *Sacramento and Newport Beach*
Special Counsel

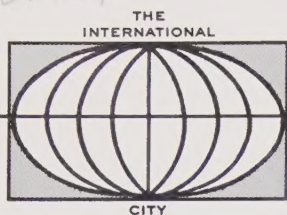
Keyser Marston Associates, Inc., *Los Angeles and San Francisco*
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Valuation Consultants

[Stone & Youngberg Municipal Financing Consultants, Inc., *San Francisco*
Financing Consultants]

Bank of America N.T. & S.A., *Los Angeles*
Fiscal Agent

THE DATE OF THIS OFFICIAL STATEMENT IS APRIL 10, 1979



LONG BEACH REDEVELOPMENT AGENCY

CITY HALL, LONG BEACH, CALIFORNIA 90802
(AREA CODE 213) 590-6841

April 10, 1979

TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on and buyers of \$4,860,000 Long Beach Redevelopment Agency Downtown Redevelopment Project Tax Allocation Bonds, Issue of 1979 (the "Bonds"), authorized and issued for the purpose of assisting in the financing of said Project, paying of expenses in connection with issuance, and providing reserve funds as additional security for said Bonds.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultant to the Long Beach Redevelopment Agency with regard to the Downtown Redevelopment Project 1979 Bonds. (Such firm will receive compensation from the Agency contingent upon the sale and delivery of the Bonds.) Summaries herein presented of the Resolution of Issuance, the Community Redevelopment Law, the Redevelopment Plan for said Project, other documents or agreements pertaining to the Project, and financial and economic data do not purport to be complete, and reference is made to the documents on file in the office of the Agency for further information. Statements which involve estimates or opinions, whether or not expressly so described herein, are intended solely as such and are not to be construed as factual reports.

The Official Statement does not constitute a contract with buyers or holders, from time to time, of the Bonds. The Resolution of Issuance, which does constitute such a contract, accompanies the Official Statement as originally distributed and is available to any prospective bidder on request from the Agency.

A legal opinion approving the validity of the Bonds will be furnished by O'Melveny & Myers, Los Angeles, California, Bond Counsel to the Agency. (Said Counsel will receive compensation from the Agency partially contingent upon the sale and delivery of the Bonds.) The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the section entitled "The Bonds".

The members of the governing board of the Agency have reviewed this Official Statement and have determined that as of the date hereof the information herein is, to the best of their knowledge and belief, true and correct in all material respects (other than financial data pertaining to the City of Long Beach, for which the Agency has made no independent examination or verification) and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Agency will deliver to the purchaser of the 1979 Bonds a certificate as to the above, dated the date of bond delivery, and further certifying that the signatories know of no material adverse change in the condition of the Agency which would make it unreasonable for the purchaser of the 1979 Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and authorizing the purchaser of the 1979 Bonds to distribute copies of the Official Statement in connection with the resale of the 1979 Bonds. 300 copies of the Official Statement will be supplied to the purchaser of the 1979 Bonds for this purpose.

No dealer, broker, salesman or other person has been authorized by the Agency to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The execution and distribution of this Official Statement have been duly authorized by the Agency.

LONG BEACH REDEVELOPMENT AGENCY

ROBERT CALHOUN, D.D.S.

Chairman

JAMES C. HANKLA

Executive Director

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INTRODUCTION

This Introduction does not purport to present the complete provisions of the bonds now being offered, their terms of sale, documents authorizing their issuance and other relevant data. Reference is hereby made to the Official Statement, Notice Inviting Bids, and Resolution No. R.A. 22-79 of the Long Beach Redevelopment Agency for a complete recitation of such provisions and information. This Introduction is part of the Official Statement and should be read in conjunction therewith.

The Constitution and laws of the State of California recognize the vital need for the elimination and rehabilitation of deteriorating urban areas in the state through conservation and redevelopment efforts, and provide an effective means of accomplishing these objectives. Under the provisions of the Community Redevelopment Law (California Health & Safety Code, Section 33000 et seq.), communities containing areas subject to economic and social deterioration may remedy these conditions by activating a redevelopment agency, which has the power to designate specific areas for redevelopment, prepare plans for redevelopment of the designated areas, and carry out the approved plans.

Financing of redevelopment projects in California may be provided through the incurrence of various forms of indebtedness by an agency. These types of obligations may be payable from property taxes collected from within a project upon the increase in assessed valuation which has resulted from redevelopment and/or from other authorized sources of funds, as more fully described in this official statement. The local community may also advance funds to the redevelopment agency to help meet project costs, in which event, the advances may be repaid from such increased taxes.

In October of 1961 the Long Beach City Council determined that there was a need for redevelopment of portions of the City of Long Beach (the "City"), and by ordinance activated the Long Beach Redevelopment Agency (the "Agency"), which is a public entity separate and apart from the City. A separate governing board conducts the affairs of the Agency.

The Long Beach Downtown Redevelopment Project, for which the Redevelopment Plan was adopted

on June 17, 1975, consists of about 421 acres in the City's central business district and shorefront area.

The \$4,860,000 principal amount of Tax Allocation Bonds, Issue of 1979 currently offered for sale on behalf of the Long Beach Downtown Redevelopment Project (the "Project") will be used, together with net proceeds from the concurrent sale on May 8, 1979 of \$6,830,000 Parking Lease Revenue Bonds of the Agency (which are the subject of a separate official statement), and other funds, for acquisition of property for redevelopment, acquisition and relocation expenses, demolition costs, construction of public improvements, funding of the first 42 months' interest on the 1979 Bonds, establishment of a Bond reserve, and related administrative and financing expenses, as more fully discussed in this official statement.

The major development presently scheduled for the Project area is the Long Beach Plaza regional shopping center (the "Plaza") which is being developed by Ernest W. Hahn, Inc., of El Segundo, California (the "Developer") on a 14.186-acre site within the Project. A companion parking garage will be constructed on the adjoining 8.103 acres. Under the terms of the Disposition and Development Agreement between Developer and the Agency dated August 4, 1977 (the "DDA"), and the proposed First Implementation Agreement thereto, the Agency will convey to the Developer the site for the center, while the Developer agrees to build a regional shopping center of no less than 600,000 nor more than 640,000 leasable square feet. The Agency agrees to construct not less than 3,000 parking spaces. The shopping center will be a fully enclosed two-level mall planned for three department stores (Buffums', Ward's and J. C. Penney) and approximately 120 specialty stores.

As of the date of this official statement, the Developer is negotiating final terms of a Construction, Operation and Reciprocal Easement Agreement (the "R.E.A.") with Penney's and Ward's, and expects that such document will be approved, signed and in escrow by June, 1979 (Buffums' occupancy of the Plaza will be under a lease with the Developer, which is currently being concluded). Final draft copies of the R.E.A. have been circulated and approved as to its business terms by the department stores, the Developer, the City of Long Beach and the Agency. The three department stores have approved the concept of the Long Beach Plaza, and have signified their intention to locate in the center, subject to approval of the R.E.A. (or lease in the

case of Buffums') and the satisfaction of other conditions precedent. The R.E.A. will be recorded with the Los Angeles Recorder when the site for the center is conveyed to the Developer (scheduled for the first half of 1980).

Ernest W. Hahn, Inc. presently maintains an equity interest in 19 regional shopping centers which it also manages, including seven within redevelopment projects in California. This firm also has 10 centers under construction and an additional 25 are planned. The Hahn organization is one of the largest shopping center developers in the nation and has been in this business since 1967.

Additional developments within the Project are planned for commencement of construction in 1979, or are in progress. These include a 66,000 square-foot corporate headquarters building for Buffums' as part of the Long Beach Plaza, a 107,000 square-foot office tower which will serve as regional headquarters for Home Savings and Loan Association, and a 230-room Holiday Inn Hotel. All of these developments are scheduled for completion prior to the end of the 1981 calendar year.

Payment of interest and principal on the 1979 Bonds described herein is secured by a first and irrevocable pledge of all property taxes received from increased assessed valuations of the Project over such valuations recorded prior to adoption of the Redevelopment Plan for this Project (defined herein as the Tax Revenues), and all moneys set aside as a debt service reserve, subject, however, to permitted payments of "Surplus" tax increment revenues under the terms and conditions described herein and in the Resolution of the Agency providing for the issuance of these bonds.

Each annual levy of property taxes is made at the then applicable rate, but for the purpose of estimating future Tax Revenues and presenting an estimated bond retirement schedule, the projection of Tax Revenues available for payment of bond interest and sinking fund payments is based on a continuation of the present rate of \$4 per \$100 assessed valuation. The \$4 rate is the maximum permitted under Article XIII A of the California Constitution.

Payment of bond interest, principal at maturity and the making of minimum sinking fund payments is contingent upon development of the Long Beach Plaza, and to a lesser extent, the development of the offices and hotel mentioned above. Any delays in completion of the shopping center, or any significant portion thereof, could delay the receipt of Tax Revenues, and therefore impair the security of

the 1979 Bonds. In order to provide for the timely development of the Plaza, and to assure that the required payments and deposits will be made for the benefit of the bondholders, the Agency and the Developer have agreed to the schedule of major actions by both parties presented on page 24 of this official statement. The schedule should not be construed as being inflexible or binding on the parties, but is indicative of the objectives to be attained by the Developer and the Agency in development of the Project as planned. The timely accomplishment of the actions listed in the schedule will result in completion of the Plaza by August 1, 1981.

It is anticipated that the full assessed valuation of both the Long Beach Plaza and the three other developments mentioned above will be reflected on the tax rolls by the 1982/83 fiscal year (assuming a lien date for the assessment to the owner of record as of March 1, 1982). Assuming completion of the described developments by March 1, 1982, incremental assessed valuations are estimated at \$19,886,820 in 1982/83, as detailed on page 26 of this official statement. Projected assessed valuations are based in part on estimated market values of the Long Beach Plaza prepared by the firm of Katz, Hollis, Coren & Associates, Financial Consultants, Los Angeles (the "Valuation Consultants"), who were retained by the Agency to prepare a report on such market values. Their report, dated February 7, 1979, estimated the values of the Long Beach Plaza (including the site, the Buffums' offices and the Developer's leasehold interest in the parking garage) at \$65,351,250, or \$16,337,812 of assessed valuation at the current assessment ratio of 25 percent of full value. Assessed values of the Home Savings office building and the Holiday Inn Hotel are estimated at \$2,060,000 and \$1,913,500, respectively. Application of the 1978/79 tax rate of \$4 per \$100 assessed valuation against the estimated incremental assessed valuation of the Project will generate \$755,470 of Tax Revenues in 1982/83 and subsequent fiscal years (a lesser amount is estimated in 1981/82, reflecting assessment of certain property and developments expected to be entered on the 1981/82 tax rolls). Projected Tax Revenues will cover average annual debt service (estimated at \$451,000) by about 1.76 times at the maximum legal interest rate of 8 percent per annum, and will provide a coverage of 3.19 times debt service in 1982/83, the first year in which bond interest and sinking fund payments are to be met from Tax Revenues (see Table 5, page 28).

THE BONDS

The statements herein concerning the Bonds and the Resolution are summaries of certain provisions thereof. They make use of definitions, do not purport to be complete, and are qualified in their entirety by reference to the Resolution, a copy of which accompanies this official statement as originally distributed.

Authority for Issuance

The \$4,860,000 Long Beach Redevelopment Agency Downtown Redevelopment Project Tax Allocation Bonds, Issue of 1979 (hereinafter sometimes referred to as the "Bonds" or the "1979 Bonds"), currently being offered, were authorized pursuant to a resolution of the Long Beach Redevelopment Agency, adopted April 10, 1979 (the "Resolution"). The Bonds will be issued under the provisions of, and in full conformity with, the Constitution and laws of the State of California, including the Community Redevelopment Law (commencing with Section 33000 of the California Health and Safety Code—the "Law"), and acts amending or supplementing the Law.

Sale of Bonds

Bids for the purchase of the Bonds will be received on behalf of the Long Beach Redevelopment Agency until 10:00 a.m., Tuesday, May 8, 1979. Details as to the terms and place of sale, closing documents and other information are included with the Notice Inviting Bids, adopted April 10, 1979, a copy of which is included with this official statement as originally distributed.

Description of Bonds

The \$4,860,000 principal amount of Bonds will be dated as of May 1, 1979, and be issued in denominations of \$5,000 each, numbered 1 through 972. The Bonds all mature on May 1, 2008, subject to mandatory call and redemption from minimum sinking fund payments as hereinafter described. Interest is payable semiannually on May 1 and November 1 of each year, except that interest for the first year will be payable on May 1, 1980. The Bonds, the interest thereon, and any premiums upon the redemption thereof prior to maturity are payable

at the Los Angeles principal office of the Fiscal Agent, Bank of America N. T. & S. A. (Corporate Agency Division) (the "Fiscal Agent"), or in the case of coupon bonds, or coupons on Bonds registered as to principal only, at paying agents of the Agency in Chicago, Illinois or New York, New York, at the option of the holder.

Registration

The Bonds will be issued as coupon bonds which may be registered as to principal only or as to both principal and interest. The form of registration may be changed and any registered bond may be discharged from registration under the terms set forth in the Resolution.

Mandatory Redemption From Sinking Fund Deposits

In order to provide for the orderly payment of the Bonds, the Resolution provides that the Bonds are subject to mandatory call and redemption on May 1, 1983 and each May 1 thereafter prior to maturity from minimum sinking fund payments sufficient to call and redeem the Bonds in the following minimum principal amounts, *without premium*, in each of the years indicated. However, failure to make any such sinking fund payments shall not constitute an event of default. Any deficiency shall be cumulative and is to be made from the first lawfully available revenues.

Mandatory Redemption Schedule

| Year | Principal Amount | Year | Principal Amount |
|----------|------------------|----------|------------------|
| 1983 ... | \$ 55,000 | 1996 ... | \$165,000 |
| 1984 ... | 60,000 | 1997 ... | 180,000 |
| 1985 ... | 65,000 | 1998 ... | 195,000 |
| 1986 ... | 75,000 | 1999 ... | 210,000 |
| 1987 ... | 80,000 | 2000 ... | 225,000 |
| 1988 ... | 90,000 | 2001 ... | 245,000 |
| 1989 ... | 95,000 | 2002 ... | 265,000 |
| 1990 ... | 105,000 | 2003 ... | 285,000 |
| 1991 ... | 110,000 | 2004 ... | 310,000 |
| 1992 ... | 120,000 | 2005 ... | 335,000 |
| 1993 ... | 130,000 | 2006 ... | 360,000 |
| 1994 ... | 140,000 | 2007 ... | 390,000 |
| 1995 ... | 155,000 | | |

Optional Redemption

The Bonds are also subject to call and redemption (but only after the aforementioned minimum sinking fund payments have been made), as a whole or in part by lot, at the option of the Agency, from any available source of funds (other than from sinking

fund payments), on November 1, 1989, or any interest payment date thereafter prior to maturity, at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, plus a premium as shown in the following schedule (expressed as a percentage of the par value of Bonds called for redemption). Notice of call for redemption shall be given as provided in the Resolution.

| <u>Redemption Dates</u> | <u>Redemption Premium</u> |
|--|---------------------------|
| Between November 1, 1989 and May 1, 1994 | 3 % |
| Between November 1, 1994 and May 1, 1999 | 2½ % |
| Between November 1, 1999 and May 1, 2004 | 2 % |
| Between November 1, 2004 and May 1, 2005 | 1½ % |
| Between November 1, 2005 and May 1, 2006 | 1 % |
| Between November 1, 2006 and May 1, 2007 | ½ % |
| From November 1, 2007 and thereafter ... | 0 % |

Legal Opinion—Tax Exempt Status

The opinion of O'Melveny & Meyers of Los Angeles, California, Bond Counsel for the Agency, approving the validity of the Bonds and stating that interest on the Bonds is exempt from income taxes of the United States of America under present federal income tax laws, and that such interest is also exempt from personal income taxes of the State of California under present state income tax laws will be furnished without cost to the original purchaser of the Bonds. A copy of the legal opinion will be printed on each bond without charge to the purchaser. See the Letter of Transmittal to this official statement (preceding page 1) regarding the scope of Bond Counsel's employment concerning this official statement.

Legality for Investment in California

The California Community Redevelopment Law provides that debt instruments authorized and issued in the same manner and for the same purposes as the Bonds described herein shall be legal investments for all banks, including trust companies, and various other financial institutions, as well as for trust funds and other public bodies. The Law also provides that such debt instruments are authorized security for public deposits.

The Superintendent of Banks of the State of California has previously ruled that debt instruments of a redevelopment agency are, by said statute, legal investments in California for savings banks. As such, the Bonds would also be legal investments for all trust funds, and for the funds of all insurance companies, commercial banks, trust companies, and any public or private funds which may be invested in county, municipal, or school district bonds. The Bonds may be deposited as security for the performance of any act whenever the bonds of any county or municipality may be so deposited, and may also be used as security for the deposit of public moneys in banks in the state. The Agency has not requested a separate ruling from said Superintendent of Banks as to these Bonds.

Purpose of Issue

Proceeds of the Bonds are to be used to finance the acquisition of property for redevelopment, acquisition and demolition expenses, costs of relocation, to provide certain reserves and funds for the payment of Bond interest, and to pay costs of Bond issuance. The allocation of Bond proceeds to authorized costs is outlined in the tabulation below. In addition to Bond proceeds, other sources of funds are expected to be made available to assist in financing the acquisition, relocation and demolition costs (see Table 3 hereof entitled "Sources of Capital Funds", page 21).

Application of Bond Proceeds

| | |
|---------------------------------------|--------------------------|
| Applied to Project expenditures | \$3,048,000 ^① |
| Debt service reserve | 388,800 |
| Capitalized interest | 1,360,800 |
| Provision for discount | 243,000 |
| Costs of issuance | 131,400 |
| Less: Interest earnings | (312,000) |
| Total Bond Issue | <u>\$4,860,000</u> |

① See page 21 for a breakdown of total project costs.

Disposition of Bond Proceeds

Under the provisions of the Resolution, the proceeds received from the sale of the Bonds will be applied as follows:

1. An amount equal to 42-months' interest on the Bonds (including accrued interest, if any) will be deposited with the Fiscal Agent in the

Special fund (as hereinafter described) established for the Bonds.

2. An amount equal to maximum annual interest on the Bonds will be deposited with the Fiscal Agent in the Reserve Account of the Special Fund.

3. The balance of the proceeds will be deposited with the Treasurer of the Agency (the "Treasurer") in the Downtown Redevelopment Project Redevelopment Fund (as hereinafter described), to be expended solely for the purposes for which the Bonds were issued.

Security

The Bonds are special obligations of the Agency and are equally secured by a first and exclusive pledge of all Tax Revenues (as defined below). The Tax Revenues are irrevocably pledged to the payment of the Bonds and to maintain the Reserve Account, so long as any of the Bonds remain outstanding or unprovided for. However, the Resolution provides for discretionary disbursement of a portion of the Tax Revenues to the Agency after certain conditions precedent have been met (see section below entitled "Creation of Special Funds and Accounts"—"*Surplus*").

Under the provisions of the California Constitution (Section 16 of Article XVI), the Community Redevelopment Law (Section 33670 of the Health and Safety Code) and the Redevelopment Plan for the Downtown Redevelopment Project, taxes on property in the Project levied by any taxing agency on or after July 1, 1975 (the date on which the allocation of Tax Revenues commenced), will be allocated in the following manner commencing May 1, 1979 (the Bond date):

1. Taxes levied at the prevailing rates each year against an amount equivalent to the recorded 1974/75 assessed valuation of property within the Project (the "frozen Base"), will continue to be paid into the funds of the respective taxing agencies.

2. Taxes derived from increases in the assessed valuation of property within the Project above the frozen base occurring for any reason (the "Tax Revenues") will, in each fiscal year during which any of the Bonds are outstanding, be deposited in the Special Fund of the Agency, held and administered by the Fiscal Agent for payment of the Bonds.

The Bonds are special obligations of the Long Beach Redevelopment Agency and as such are not a debt of the City of Long Beach, the State of California, or any of its political subdivisions. Neither the City, the state, nor any of its political subdivisions are liable for their payment. These Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The validity of the Bonds is not dependent upon the completion of the Project or upon the performance by anyone of their obligation relative to the Project.

The Resolution permits, but does *not require*, the Agency to advance any other funds for any of the uses or purposes mentioned in the Resolution, which would include the payment of Bond interest and principal.

Litigation

There is no litigation pending concerning the validity of the Bonds, and the Agency will furnish to the successful bidder a no litigation certificate certifying to the foregoing at the time of delivery of the Bonds.

The California system of levying property taxes and applying funds for public school purposes in effect at the time of the court ruling has been held unconstitutional under provisions of the California Constitution by a California Superior Court in the case entitled *Serrano v. Priest*.

The California Supreme Court in a decision dated December 30, 1976, affirmed the judgment of the Superior Court in that case. The Supreme Court decision requires that a new system for financing California primary and secondary schools must be implemented by September 3, 1980.

The Superior Court judgment as affirmed by the California Supreme Court contains a statement that the existing public school financing system shall continue to operate until an appropriate system, not in violation of the California Constitution, can be placed into effect.

Assembly Bill 65 was enacted by the California Legislature and was signed by the Governor in response to *Serrano v. Priest*. This bill was designed to place school finance "substantially" in compliance with the *Serrano v. Priest* decision. However, the legislation enacted in Assembly Bill 65 was in effect superseded by the legislation enacted following the approval of Proposition 13 (see the next section of

this official statement entitled "1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation").

Litigation challenging the legislation contained in Assembly Bill 65 has been filed. It cannot be predicted whether such legislation will be determined to be constitutional under the standard promulgated in *Serrano v. Priest*, or whether further challenges will be brought against the legislation enacted following the passage of Proposition 13. Moreover, it cannot be determined whether any such legislation or challenges will affect the maximum property tax rate (other than for "indebtedness approved by the voters") for all taxing jurisdictions prescribed in said Proposition 13. To the extent that such legislation or challenges reduce the tax rate used in determining the Tax Revenues, the security of the Bonds could be adversely affected. As of the date of this official statement, there is no indication that such maximum rate would be so reduced. For purposes of this official statement, it is assumed that the tax rate to be used in determining the Tax Revenues will be \$4 per \$100 assessed valuation (see the next following section hereof, and the section entitled "Estimated Tax Revenues and Bond Retirement Schedule").

1978 Constitutional Amendment, Supreme Court Validation, and Implementing Legislation

On June 6, 1978, California voters approved Proposition 13 (the Jarvis-Gann Constitutional Initiative) which added Article XIII A to the California Constitution and restricts the taxing powers of California public agencies. The text of Proposition 13, now Article XIII A of the California Constitution, as amended, is as follows:

"Section 1.

(a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the county assessor's valuation of real property as shown on the

1975-76 tax bill under "full cash value" or, thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 full cash value may be reassessed to reflect that valuation. For purposes of this section, the term "newly constructed" shall not include real property which is reconstructed after a disaster, as declared by the Governor, where the fair market value of such real property, as reconstructed, is comparable to its fair market value prior to the disaster.

(b) The full cash value base may reflect from year to year the inflationary rate not to exceed 2 percent for any given year or reduction as shown in the consumer price index or comparable data for the area under jurisdiction, or may be reduced to reflect substantial damage, destruction or other factors causing a decline in value.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property or, sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district may impose special taxes on such districts, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any section, part, clause or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect."

Supreme Court Validation—On September 22, 1978, the California Supreme Court upheld the validity of Article XIII A against a number of chal-

lenges which attacked Proposition 13 as a whole (*Amador Valley Joint Union High School District v. State Board of Equalization*). The Court found that it was premature to rule on the claim that Article XIII A impermissibly interfered with contracts in violation of the U. S. Constitution, stating that such a challenge must come when a specific contract or obligation is impaired. In addition, the Court left open for future decision many other questions regarding the detailed interpretation and implementation of Article XIII A.

Implementing Legislation—Section 1 of Article XIII A limits the maximum ad valorem tax on real property to one percent (1%) of full cash value (as defined in Section 2 of Article XIII A), to be collected by the counties and apportioned according to law. Excluded from this limit is an amount of taxes or special assessments to pay interest and redemption charges on any indebtedness approved by the voters prior to July 1, 1978 (the effective date of Article XIII A).

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the prior practice of using 25 percent of full cash value as the assessed value for tax purposes).

The interpretation of what constitutes “indebtedness approved by the voters prior to” July 1, 1978 under Section 1 of Article XIII A does not include the Bonds. Moreover, the Agency itself has no taxing power whatsoever. Payment of the Bonds is dependent upon the allocation of taxes levied by other taxing agencies against the incremental assessed valuation of property within the Project at the rates prevailing from year-to-year. Pursuant to the provisions of Article XIII A and the implementing legislation, it is assumed that the present (1978/79) basic property tax rate of \$4.00 per \$100 assessed valuation will be applicable in subsequent fiscal years for generation of the Tax Revenues. At this tax rate, it is believed that all of the Bonds will be retired at or prior to maturity (including minimum sinking fund payments) with a reasonable margin of safety (see section hereof entitled “Estimated Tax Revenues and Bond Retirement Schedule”). It is further

believed that the determinable effects of Article XIII A on the Bonds and their security have been recognized and provided for in the estimates of Tax Revenues and Bond retirement.

Potential for Further Property Tax or Revenue Limitations

There is no assurance that the Legislature or electorate of the State of California will not approve further limitations on property taxes or other governmental revenue sources. Such limitations, if approved, could adversely effect the security of the Bonds.

Creation of Special Funds and Accounts

The Resolution provides for the establishment of funds and accounts to be held by the Treasurer of the Agency and the Fiscal Agent for the administration and control of the proceeds obtained from sale of the Bonds, other funds allocable to the Project, and from the pledged Tax Revenues. Specific aspects of these funds and accounts are described as follows.

The Redevelopment Fund (*held by the Treasurer of the Agency*)—Moneys deposited in the Downtown Redevelopment Project Redevelopment Fund from Bond proceeds and any other sources, if required by the Agency, shall be used for the purpose of aiding in financing the Project. All moneys in excess of those required to complete the Project shall be transferred from the Redevelopment Fund to the Special Fund.

The Special Fund (*held by the Fiscal Agent*)—Under the provisions of the Resolution, the Agency authorizes and directs the payment of all Tax Revenues received on and after May 1, 1979, directly to the Fiscal Agent for deposit in the Downtown Redevelopment Project Special Fund.

So long as any of the Bonds are outstanding, moneys in the Special Fund shall be applied to the payment of interest on the Bonds when due, required sinking fund payments, and retirement of any outstanding principal of the Bonds at maturity. As previously stated, interest on the Bonds from their date through and including November 1, 1982 is to be funded and paid from their proceeds from the Special Fund.

The Reserve Account—At all times an amount equal to the maximum amount of annual interest on the Bonds is to be maintained in the Reserve Account within the Special Fund (initially created from Bond

proceeds). Moneys in the Reserve Account shall be applied to the payment of Bond interest or principal at maturity or required sinking fund payments in the event other funds are not sufficient. If drawn upon, the Reserve Account must be replenished from the first available Tax Revenues (subject to prior payment or provision for Bond interest, principal at maturity or required sinking fund payments). Following completion of the Project, interest earnings on all funds established under the Resolution are to be credited to the Reserve Account until the balance therein is equal to twice the maximum annual interest on the Bonds.

Minimum Sinking Fund Payments—For the payment of the Bonds, moneys are to be retained in the Special Fund by the Fiscal Agent in amounts sufficient to call and redeem Bonds in accordance with the redemption schedule presented on page 3 hereof (the “minimum sinking fund payments”). As previously stated the failure to make any such minimum sinking fund payments shall not constitute an event of default, but any deficiencies shall be cumulative and shall be made from the first lawfully available revenues.

Bonds may also be purchased and retired at any time by the Fiscal Agent at public or private sale, at prices (including brokerage or other expenses) not exceeding par, plus accrued interest, plus the premium applicable on the next following call date according to the schedule of redemption premiums set forth in the section hereof entitled “Optional Redemption,” page 3. Accrued interest on Bonds so purchased may be paid from the amount reserved in the Special Fund for the payment of interest on the next following interest payment date. Purchases (except for accrued interest) may be made only with the portion of the balance in the Special Fund which is in excess of the principal or sinking fund payment and interest to become due on the then outstanding Bonds on the next two following interest payment dates, plus the amount required to be maintained in the Reserve Account. Purchases may not be made as a credit against any minimum sinking fund payment.

Surplus—The Fiscal Agent, on or after July 1, but in no event later than July 31, of each year, shall ascertain the amount of Tax Revenues received or to be received by the Agency based upon the most recent assessed valuation of taxable property in the Project (as reported by the Auditor-Controller of Los Angeles County), and shall, after deducting

the amount required to maintain the Reserve Account balance, estimate that portion of the Tax Revenues which will be in excess of the amount of principal, any sinking fund payment and interest then due or to become due on the next following November 1 and May 1 on the Bonds (or any Parity Bonds) then outstanding, and shall promptly notify the Agency of the excess portion so determined. The Agency may, by written notice to the Fiscal Agent within 30 days after receipt of such notification, direct that an amount not exceeding said excess portion be paid to the Agency, which amount may be used by the Agency for any purpose authorized in the Law; provided that the Agency may direct the Fiscal Agent to pay all or any remaining part of said excess portion to the Auditor-Controller of Los Angeles County for payment into the funds of the taxing agencies levying ad valorem taxes against property within the Project.

Upon receipt of the Tax Revenues, the Fiscal Agent shall make such payment or payments, as directed by the Agency.

Issuance of Parity Bonds

If at any time the Agency determines that it will not have sufficient moneys available from other sources to pay the costs of the Project (including subsequent phases of the Project, if any), the Agency may provide for the issuance of and sell Parity Bonds in such principal amount as it estimates will be needed for such purpose. The issuance and sale of any Parity Bonds shall be subject to the following conditions precedent:

1. The Agency must be in compliance with all covenants set forth in the Resolution (including compliance with required minimum sinking fund payments).
2. The Reserve Account must be increased, from the proceeds of the Parity Bonds, to an amount equal to the maximum annual interest on all Bonds and Parity Bonds to be outstanding upon the issuance of such Parity Bonds, and the balance of such proceeds shall be deposited in the Redevelopment Fund to be used for the purpose specified in the Resolution for the Bonds.
3. The Parity Bonds must mature on May 1, and interest thereon is to be payable May 1 and November 1 of each year.
4. Tax Revenues received or to be received by the Agency based upon the most recent assessed valuation of taxable property (including any construction in progress which will be com-

pleted within 24 months following the issuance of such Parity Bonds) in the Project (as reported by the Auditor-Controller of Los Angeles County), are at least equal to (a) the maximum amount of interest payable in any one fiscal year on all Bonds and Parity Bonds which will be outstanding following the issuance of such Parity Bonds, or (b) 125% of the highest annual principal and interest (and any sinking fund deposits) on outstanding Bonds and Parity Bonds which will be due and payable in the next three fiscal years following the issuance of such Parity Bonds, whichever amount is greater.

In order to assist in the financing of costs pertaining to subsequent development within the Project, the Agency may determine that the issuance of Parity Bonds will be necessary to pay its share of such costs. However, as of the date of this official statement, the Agency has not determined when, if or in what amount such Parity Bonds may be authorized and offered for sale. The foregoing conditions precedent must be complied with before issuance of any Parity Bonds are authorized.

Refunding Bonds

Existing state law provides that refunding bonds may be issued for the purpose of refunding all or any portion of the Bonds then outstanding, and the issuance of such refunding bonds is permitted under the Resolution.

Certain Covenants of the Agency

Certain covenants of the Agency under the Resolution are summarized in the following paragraphs.

1. The Agency will punctually pay, or cause to be paid, the principal of and interest on the Bonds as they become due solely from the Tax Revenues and other funds provided for in the Resolution. The Agency further covenants that it will comply with the requirements of Section 33675 of the Law (which establishes the procedure for the filing of an annual "statement of indebtedness" with the County Auditor-Controller, and thereby assures payment of the Tax Revenues, if any, to the Agency).

2. The Agency will not encumber, pledge, or place any charge or lien upon any of the Tax Revenues superior to or on a parity with the pledge and lien created in the Resolution except as provided in the Resolution.

3. The Agency will deposit and use the Bond proceeds as provided in the Resolution, and will manage and operate all properties owned by the Agency and comprising any part of the Project in a sound and businesslike manner.

4. The Agency will pay and discharge, or cause to be paid and discharged any payments in lieu of taxes, service charges, assessments or other governmental charges imposed, and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge which might impair the security of the Bonds or the use of the Tax Revenues or other funds to pay Bond interest and principal. The Agency does not, however, covenant to make any such payment so long as the Agency in good faith shall contest the validity of said claims.

5. The Agency will keep proper books of account and will cause to be prepared within 120 days after the close of each fiscal year financial statements in reasonable detail on the Project, the Tax Revenues, and other funds as provided in the Resolution, certified by a certified public accountant or firm of certified public accountants selected by the Agency. The Agency will furnish a copy of such statements to any Bondholder upon written request. Said books and accounts will be maintained separate and apart from those of the City of Long Beach or other records and accounts of the Agency.

6. The Agency will commence and will continue to completion with all practical dispatch the Project, and the Project will be accomplished and completed in a sound and economical manner and in conformity with the Redevelopment Plan and the Law. The Redevelopment Plan may be amended as provided in the Law, but no such amendment may be made which would substantially impair the security of the Bonds or the rights of the Bondholders.

7. If all or any part of the Project owned by the Agency shall be taken by eminent domain proceedings, the net proceeds realized by the Agency therefrom shall be deposited with the Fiscal Agent in the Special Fund for the purpose of paying principal of and interest on the Bonds subject to the terms, conditions and requirements contained in the Resolution; provided that the net proceeds realized by the Agency from the taking of any part of the Project the redevelopment of which was financed by the Agency through the issuance of lease revenue bonds will be deposited, used and applied in the manner provided by the resolution authorizing such lease revenue bonds.

8. Whenever any property in the Project has been redeveloped and thereafter is leased by the Agency to any person or persons (other than the City), or whenever the Agency leases real property in the Project to any person or persons for redevelop-

opment (other than the City), the property shall be assessed and taxed in the same manner as privately owned property (in accordance with Section 33673 of the Law).

9. The Agency will not dispose of more than 10% of the assessed value of land or real property or 10% of the land area in the Project (other than property shown by the Redevelopment Plan in effect as of the date of the Resolution as planned for public use) to public bodies or other persons or entities whose property is tax exempt if as a result of such disposition the security of the Bonds or the rights of the Bondholders will be substantially impaired.

10. The Agency will preserve and protect the security of the Bonds and the rights of the Bondholders, and will warrant and defend their rights against all claims and demands of all persons.

11. The Agency covenants that under no circumstances shall any initial investment, subsequent investment or reinvestment of the proceeds of the Bonds be made in such a manner as to result in the loss of exemption from federal income taxation of interest on the Bonds. Except as permitted during "temporary periods" (as such term is defined in the proposed Income Tax Regulations referred to in the Resolution) by said proposed Income Tax Regulations, the proceeds of the Bonds shall not be invested directly or indirectly in taxable obligations so as to produce a yield which is materially higher than the yield on the Bonds which results in the Bonds constituting "arbitrage bonds" within the meaning of Section 103(c), Internal Revenue Code of 1954, as amended, and the proposed Income Tax Regulations issued thereunder; but such sums may be otherwise invested if and when such Code and any regulations thereunder permit the investment to be made in the manner made without causing the Bonds to become "arbitrage bonds."

Deposit and Investment of Moneys in Funds

Subject to the provisions of the Resolution all moneys held by the Agency in the Redevelopment Fund and by the Fiscal Agent in the Special Fund, except such moneys which are at the time invested, shall be held in time or demand deposits in any bank or trust company authorized to accept deposits of public funds (including the banking department of the Fiscal Agent).

Moneys in the Redevelopment Fund may from time to time be invested by the Agency, and mon-

eys in the Special Fund may, and upon written request of the Agency shall, be invested by the Fiscal Agent in certain Federal securities as described in the Resolution.

Obligations purchased as an investment of moneys in either of said funds shall, for a period equal to 36 months from the date of the Bonds, be deemed to be a part of the Redevelopment Fund and thereafter to be a part of the Special Fund (subject to the provisions of the final paragraph of this section). Any gain realized from such investment shall be credited to such fund and any loss resulting from any such authorized investment shall be charged to such fund without liability to the Agency or the members and officers thereof or to the Fiscal Agent.

For the purpose of determining at any given time the balance in such fund, any investment constituting a part of such fund shall be valued at the estimated or appraised market value of such investment.

During the acquisition, construction and development of the Project the earnings or gain realized from such investment may be retained in, or transferred to, the Redevelopment Fund. Following completion of the Project, such earnings or gains shall be credited to the Reserve Account until the balance therein is equal to twice the maximum annual interest on the Bonds. Thereafter, such earnings or gains shall be deposited in the Special Fund.

Amendment of the Resolution

The Resolution may be modified or amended by a resolution supplemental thereto and forming a part thereof only with the consent of the holders of 60% of all Bonds then outstanding (exclusive of Bonds owned by the Agency or the City) unless the modification or amendment is for the purpose of curing ambiguities or defects in the Resolution; grants or confers upon the Bondholders additional rights, remedies, powers, authority or security; or to provide for the issuance of Parity Bonds in conformity with the provisions of the Resolution, in which case no Bondholder's consent is required. No modification or amendment of the Resolution shall: Extend the maturity of any Bond, advance the earliest redemption date or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the express consent of the holder of such Bond.

LONG BEACH REDEVELOPMENT AGENCY

The Agency

In 1961 the Long Beach City Council took action that formally recognized the need for redevelopment of portions of the City. The Agency was activated under the provisions of the Community Redevelopment Law by Ordinance No. C-4184, approved and adopted by the City Council on October 17, 1961. A separate five-member governing board, ("the Board"), whose members are appointed by the City Council, administers the affairs of the Agency. The City's Director of Community Development serves as Executive Director of the Agency in the implementation of policy and administration of redevelopment activities. Project Area Committees composed of local citizens, business people and civic organization representatives provide the Agency with advice on the various redevelopment projects in the City.

The City provides all staff services to the Agency through a cooperation agreement, including fiscal services, planning, engineering, legal assistance, property services, relocation and other functions necessary for project development. As City employees, staff assigned to Agency activities participate in all of the City's employee benefit programs. In addition, the Agency retains the services of independent consultants and advisors to assist in legal and financing aspects, property appraisal and acquisition, relocation, land use studies and such other areas of competence deemed necessary by the Board.

Although not directly involved in the Agency's redevelopment activities, the Long Beach City Manager is responsible for the operation of the Community Development Department, which provides staff and technical services to the Agency. Mr. John E. Dever assumed the duties of City Manager in January of 1977, after serving the City of Sunnyvale, California, as City Manager for the previous 10 years. He has also held the same position in Decatur, Illinois and Two Rivers, Wisconsin for an aggregate of 15 years. Mr. Dever is active in

organizations of government officials, and is Past President of two State City Managers' groups and member of the Board of Directors of the American Society of Public Administration. He is the author of numerous publications and books on public administration, a guest lecturer to universities and colleges, and is the recipient of several public service awards for his accomplishments in municipal government. He received his Bachelor's degree from Lawrence University, Wisconsin, and a Master's degree in Public Administration from Syracuse University, New York.

The Director of Community Development, Mr. James C. Hankla, also serves as Executive Director of the Agency, the Long Beach Housing Authority, the Economic Development Commission, and is departmental coordinator of City-sponsored development activities. His duties include redevelopment, housing rehabilitation, neighborhood preservation, economic development, field services, and categorical and block grant programs related to community development. He has been professionally employed by the City of Long Beach since 1960 in positions of successive responsibility, and was appointed to his present post in July of 1976. In his previous position as Executive Assistant to the City Manager, Mr. Hankla was responsible for the organization of the Long Beach Economic Development Corporation, and served as its Executive Vice President and General Manager. His educational accomplishments include a Master's degree in Government from California State University at Los Angeles. Mr. Hankla is a member of the Urban Land Institute, National Association of Housing and Redevelopment Officials and is Vice President of the National Council for Urban Economic Development.

Agency financial records are maintained by the City's Department of Financial Management under the supervision of the Director, Mr. Carl V. Husby, Jr. Appointed Director of Financial Management in October of 1977, Mr. Husby was previously Director of Finance in the City of Pasadena, California (January 1976 to October 1977) and the City of Sunnyvale, California (April 1965 to January 1976). His experience in governmental finance, accounting and budgeting dates from mid-1949. He has been responsible for the establishment of specialized financial "Planning, Programming, Budget Systems" which provide a high level of information and control over municipal revenues and expenditures. Mr. Husby is a member of the California Society of Municipal Finance Officers, the Municipal Finance Officers

Association of the United States and Canada and the California Committee on Governmental Accounting. He has served in an executive capacity on all of these organizations. Mr. Husby received a degree in Accounting from Sacramento State College, California.

Mr. Michael Conlon is Redevelopment Officer for the City of Long Beach and is directly responsible for all redevelopment activities of the Agency and the City. He has been involved with redevelopment and economic development in Long Beach since 1975. Mr. Conlon was previously the Director of Program Development for the Philadelphia Industrial Development Corporation, Philadelphia, Pennsylvania. He has received a Master's degree from the University of Pennsylvania.

The Downtown Redevelopment Project is under the supervision of Mr. Ronald E. Winkler, Project Manager. Mr. Winkler has been employed by the City for 12 years with responsibilities in community and economic development programs, inter-governmental relations, housing programs and Federal grants management. He has received both a Bachelor's and Master's degree from California State University at Long Beach.

The Long Beach City Attorney provides legal service to the Agency, and assigns a Deputy City Attorney to assist in the conduct of legal affairs. Mr. Richard A. Alesso, Deputy City Attorney, has assisted the Agency since 1976. He received the J. D. degree from Southwestern University, California in 1966, and was admitted to the California Bar in June of 1967. On the same date, Mr. Alesso was also admitted to practice in the U.S. District Court, Central District of California. As indicated on the title page to this official statement, the Agency also retains the firm of McDonough, Holland, Schwartz and Allen, Sacramento, California, as Special Counsel, and other legal counsel for specified actions.

Powers

All powers of the Agency are vested in its five Board members, who are appointed by the City Council. Under the Community Redevelopment Law, the Agency is a separate public body and exercises governmental functions in executing duly adopted redevelopment projects. As such, the Agency has the authority to acquire, develop, administer, and sell or lease property, including the right of eminent domain, the right to accept financial assistance from

any source, and the power to issue bonds, notes or other evidences of indebtedness, and expend their proceeds. The Agency itself does not have the power to levy taxes.

The Agency may also clear buildings or other improvements, develop as a building site any real property owned or acquired by it, and in connection with such development, may provide for the installation of streets, utilities, sidewalks, and other necessary public improvements. With the exception of publicly owned structures and facilities benefitting the Project, the Agency itself cannot construct any buildings contemplated under the Redevelopment Plan but must convey property in the Project by sale or lease at fair value, for private redevelopment in strict conformity with the Plan. The Agency may specify a period of time within which such development must begin.

Redevelopment Financing

The Community Redevelopment Law authorizes a method of financing redevelopment projects based upon a prescribed allocation of property taxes collected within a project. This method is known as tax allocation bond financing. The assessed valuation of taxable property within a redevelopment project is, in effect, frozen at the level set forth in the assessment rolls last equalized prior to the effective date of the ordinance adopting the redevelopment plan, and all overlapping taxing bodies continue to receive the taxes derived by the levy of the then current tax rate against the assessed valuation of the project up to an amount equivalent to this frozen base. All property taxes collected each year after the adoption of the redevelopment plan upon any increase in assessed valuation above the established base level may be credited to a redevelopment agency and be pledged to the repayment of any indebtedness incurred in the development of the project. Such income is referred to as "tax increment revenue," and in tax allocation bond financing is defined as "Tax Revenues." The county in which a redevelopment project is located also distributes to the agency the incremental delinquent taxes in the same manner when they are collected. After all indebtedness of an agency for a given project has been repaid, the total taxes produced by the project thereafter accrue to the respective taxing bodies in the usual manner. Thus, the tax allocation procedure not only permits each taxing agency to levy and collect taxes on the level of assessed valuation existing in a project prior

to redevelopment, but also provides that increases in assessed valuation occurring as a result of such redevelopment may be used as a basis for the repayment of costs or indebtedness incurred in behalf of the project.

During the course of redevelopment, assessed valuations may temporarily be less than the frozen base, as a redevelopment agency acquires land and improvements and the properties are removed from the tax rolls by virtue of the transfer to public ownership, or as other land development activities result in a short-term reduction in assessed valuation. While assessed valuations are less than the frozen base, overlapping taxing entities receive only the taxes derived from the current tax rate applied against the actual assessed valuation. As an agency disposes of land to private ownership for purposes of redevelopment, it is returned to the tax rolls with an assessed valuation that usually reflects the higher level of planned use prescribed in the redevelopment plan. In the event that privately-owned property is acquired and permanently removed from the tax rolls for public uses, the frozen base valuation may be reduced proportionately so that the ability to generate tax increment revenues from any new development will not be impaired.

As previously stated, the Community Redevelopment Law authorizes the incurrence of indebtedness by a redevelopment agency, and the payment of debt service costs is permitted from any one or a combination of stated sources. The Tax Allocation Bonds, Issue of 1979, now being offered, are secured by a pledge of Tax Revenues produced from the incremental assessed valuation of the Project, which are to be paid directly into the Agency's Special Fund established for the benefit of the Bondholders, and held by the Fiscal Agent.

An additional method of financing permitted under the Law is through the issuance of lease-revenue bonds by a redevelopment agency for the acquisition and construction of public facilities which will be leased to the local community. The Parking Lease Revenue Bonds, Series A, now being offered, represent the utilization of this method of financing redevelopment activities. Payment of the lease-rentals each year becomes a general fund obligation of the City, for which any unrestricted funds may be used. The Agency's financing program is discussed in the Introduction to this official statement, and elsewhere herein.

Agency Financial Statements

The Long Beach Redevelopment Agency is a public entity separate and apart from the City, but is entirely staffed by employees of the City. All accounting records of the Agency operations are maintained by the City's Department of Financial Management separate from the City records. Agency financial records, statements and transactions are examined by the Long Beach City Auditor, Robert E. Fronke, CPA, in accordance with generally accepted auditing standards, and an annual report on the examination is presented to the Agency. Functions and responsibilities of the City Auditor's Office are maintained separately from the Department of Financial Management. The City Auditor's report on the examination of the Agency records for the fiscal year ended June 30, 1978, together with the Agency financial statements, is reproduced in its entirety as Appendix I to this official statement. The report presented as Appendix I includes cumulative statements of the respective Agency projects through the fiscal year ended June 30, 1978, and their respective financial positions at June 30, 1978.

Other Agency Redevelopment Projects

Since the Agency was activated in 1961, it has adopted four redevelopment projects covering various portions of the City. The Downtown Redevelopment Project is discussed in detail in a following section of this official statement. Brief descriptions of the other three projects are presented below. It should be noted that these projects have no connection with the Project described herein, and the following narrative is presented only as a matter of information.

The West Beach Project—Approved on April 30, 1964, this project was the first to be initiated by the Agency. The West Beach Project covers approximately 21 acres and adjoins the present southwestern boundaries of the Downtown Project discussed herein. During the course of redevelopment activities, the area has been cleared of all deteriorated structures, 21 acres of property were acquired, and all occupants have been relocated. Three office structures have been completed with a total of 398,000 square feet, supported by two off-street parking garages. As of the 1978/79 fiscal year, the assessed valuation of this project exceeds the 1963/64 base-year valuation (\$1,027,230) by \$4,170,875, and is expected to produce \$166,835 of tax revenues at the permitted \$4 property tax rate. Approximately 5.8 acres of land in two parcels remains to be devel-

oped, and are now being marketed. Project costs have been met from a combination of City advances and proceeds of \$9,485,000 of tax allocation bonds which were issued in February of 1965. As of the date of this official statement \$3,905,000 principal amount of these bonds are outstanding, including \$1,970,000 held by the City. As a result of the passage of the aforementioned Proposition 13 (now Article XIII A of the California Constitution), tax revenues pledged to the payment of these bonds have been reduced significantly. It appears that such tax revenues to be received in the current 1978/79 fiscal year will be sufficient to pay interest on these bonds, but virtually no funds will remain for the payment of principal through call and redemption (the bonds are term obligations all maturing February 1, 1995).

It cannot be predicted whether tax revenues to be received from incremental assessed valuations of the West Beach Project and other pledged revenues (proceeds received from the sale to developers of land located within this project) will be sufficient in future years to retire the bonds at maturity. Legislation has been passed by the California Legislature, and signed by the Governor, which would permit the formation of a special assessment district coterminous with (or covering the benefitted portion of) a redevelopment project, with the power to levy annual assessments in amounts sufficient to meet the difference between tax increment revenues and debt service each year. If the Agency avails itself of this enabling legislation, and assuming the legislation is not held to be illegal or unconstitutional, it appears that these bonds and the interest thereon could be retired at maturity.

Bonds issued on behalf of the West Beach Project are secured by and payable solely from the pledged revenues (including the tax revenues) generated by such project. In the event that tax revenues and other pledged revenues, if any, from this project are not sufficient to pay interest when due and principal at or before maturity on the outstanding West Beach Project Tax Allocation Bonds, the holders thereof cannot enforce their rights against other funds of the Agency. Consequently, Tax Revenues or other revenues generated by the Downtown Redevelopment Project cannot be sequestered for the payment of bonds issued on behalf of the West Beach Project. It should be noted, however, that a default, if such event should occur, in the West Beach Project Tax Allocation Bonds could have an adverse effect on the market price of the Bonds described in this official statement.

Poly High Project—The second redevelopment project in Long Beach was adopted in March of 1973, and covers approximately 87 acres in the City's original central area, one mile northeast of the Downtown Redevelopment Project. Primary objectives of the Redevelopment Plan for this project call for removal of substandard and deteriorated structures and the provision of improved housing for families of low and moderate income, together with supporting commercial and public facilities. To date the Agency has acquired 205 parcels of property, relocated 454 occupants, and sponsored the development of 172 units of single and multifamily housing, and three commercial projects. Public costs of \$9,791,245 (through June 30, 1978) have been met principally from the Federal Categorical Neighborhood Development Program and Community Development Block Grant proceeds. Additional funding has been obtained from the Long Beach Unified School District and the City. Because of the effects of the aforementioned Proposition 13 (Article XIII A of the California Constitution), and the continuing acquisition of property for redevelopment, the assessed valuation of this project has not yet exceeded its base-year valuation. The Agency has not incurred any bonded indebtedness on behalf of this project, and expects that its involvement will end in 1980 without the incurrence of any such indebtedness. As development of the project continues, it is anticipated that tax revenues from incremental assessed valuations will repay City advances towards project costs.

West Long Beach Industrial Redevelopment Project—This project was adopted on June 24, 1975, and covers an area of 1,350 acres in the westernmost part of the City containing the original area of the Port of Long Beach. Project objectives include improving utilities, streets, landscaping and signing, and replacing substandard residential and industrial properties with new industrial developments. Assessed valuations of this project have increased from \$57,757,590 (the 1974/75 base year valuation) to \$100,465,535 in 1978/79. At the current property tax rate of \$4 per \$100 assessed valuation, this project would be capable of generating more than \$1.7 million of tax revenues annually. However, legal action has been filed challenging the Redevelopment Plan for this project, and all redevelopment activities have been suspended pending an outcome of the action. No bonded indebtedness has been incurred by the Agency on behalf of the West Long Beach Industrial Project.

LONG BEACH DOWNTOWN REDEVELOPMENT PROJECT

Background

The Redevelopment Plan for the Downtown Redevelopment Project was adopted by the Agency and City Council pursuant to Council Ordinance No. C-5187 on June 17, 1975. This Project, the third to be undertaken by the Agency, covers the City's central business district, the City/County Civic Center complex, the Tidelands Development area and a portion of the City's Pacific coast shoreline. Conditions in the Project area prior to adoption of the Plan met statutory conditions for blight, with findings of high vacancy rates, poor housing accommodations, older substandard and deteriorated commercial structures and general economic stagnation. Such findings are prerequisites, pursuant to the Law, to commencement of actual redevelopment activities. Under the Plan, it is the intention of the Agency to eliminate the blighting conditions by stimulating and assisting new commercial, residential and visitor-related development within the Project through assembly and clearance of property for sale to approved developers and the construction or provision of complementing public facilities.

Project Description

The Project is an irregularly shaped area containing 421 acres of land generally extending from the shoreline on the South to Seventh Street on the North, and from Queens Way and Pacific Avenue on the West to Elm Avenue and Alamitos Street on the East. The original business district of the City is located within the Project boundaries, together with a portion of the older housing stock and the outdated waterfront amusement area.

As stated in the "Report to the City Council" on the Plan (April 1975), the primary objective is to revitalize the City's downtown area by restoring this area as a center for business and commerce, and re-establishing its relationship to the shoreline. General objectives of the Plan include development of a regional shopping mall covering 5¾ city blocks (including an off-street parking garage), restoration and

modernization of the surrounding commercial area, development of a new Civic Center complex, development of the shoreline into a modern recreation and visitors center, and the promotion of new residential development in the shoreline area.

The Project provides for planned development for specified uses, as follows: Central Business District—105 acres; general commercial—65 acres; Institutional uses—25 acres; recreational and public activities—166 acres, and general commercial/medium density residential—60 acres. Residential development will be promoted throughout the Project area, particularly within and adjoining the central business district. Recreational and public activities development are primarily confined to the Tidelands area and are discussed in some detail in the section hereof entitled "Downtown Long Beach Tidelands Development".

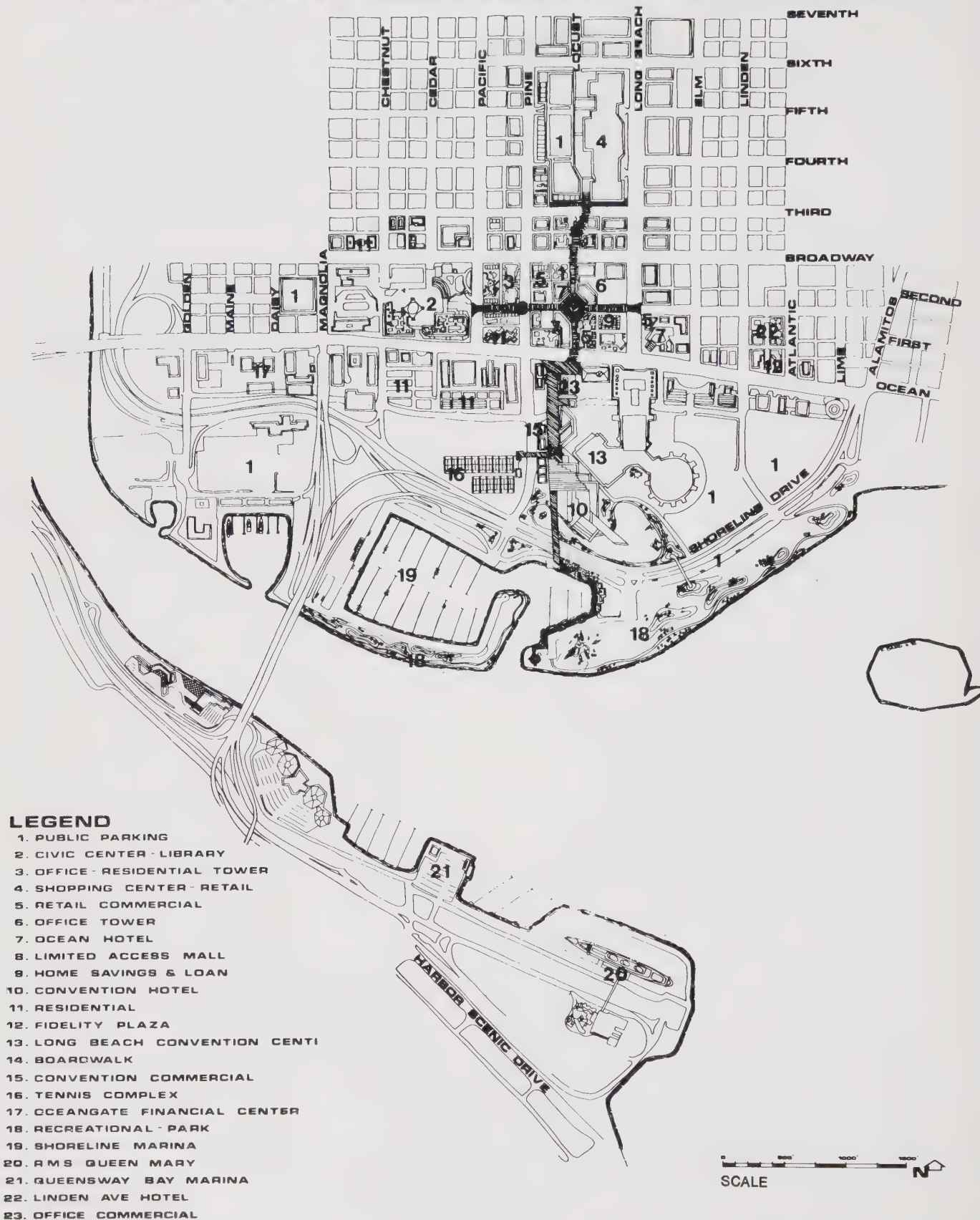
The primary development within the Project is the Long Beach Plaza shopping mall, as supplemented by the additional developments that are committed at the present time. The entire Project area is subject to redevelopment either through direct action of the Agency or under Owner-Participation Agreements between the particular property owner and the Agency.

Redevelopment activities within the Project do not call for unlimited acquisition and clearance of property, but are limited to approved developments on specific parcels. Upon such approval, the Agency will then exercise its powers to assist in the proposed development.

The two issues of bonds currently being offered for sale (the Agency's Tax Allocation Bonds, Issue of 1979, and the Parking Lease Revenue Bonds, Series A, which are described in separate official statements of the Agency), will be utilized primarily to assist in the financing of property acquisition, clearance, relocation and other necessary costs incidental to assembly of the site for the parking garage (the "Agency Parcel") and the "Developer Parcel". The Agency currently estimates that it will acquire 66 parcels of property for the Plaza and the parking garage, necessitating the relocation of 151 living units and 120 commercial occupants. In addition, the Agency has obtained, or is in the process of obtaining, possession of 12 parcels of property comprising two additional developments in the Project area.

A design plan for Downtown Long Beach has been prepared by The Arroyo Group of Pasadena. Specific elements of the plan include automobile and bus

DOWNTOWN REDEVELOPMENT PROJECT



transportation, pedestrian amenities and landscaping. Locust Plaza, to be developed at the intersection of First Street and Locust Avenue, is planned as a landscaped public square. First Street between Long Beach Boulevard and Pacific Avenue is planned to become a central transit transfer center for lines serving downtown Long Beach, and be totally redesigned for heavy pedestrian traffic. Locust Avenue will be partially restricted for pedestrian use and will be narrowed to encourage outdoor restaurant and specialty retailing.

The overall concept that is being applied to redevelopment efforts in downtown Long Beach includes both major physical revitalization and major transit and pedestrian related improvements. Downtown revitalization and proposed transportation improvements will be occurring simultaneously. This provides an opportunity for the proposed development and the transportation and circulation system in the Project area to be coordinated and integrated. The result should be a downtown area in which transportation and land use function together as mutually supporting activities. The proposed transportation improvements are the key to connecting the various uses and activities in the downtown-shoreline area. Additional street and pedestrian improvements are proposed which include street closings, pedestrian walkways, view corridors, landscaping and other amenities to serve the Project and proposed developments. Initial funding for the \$17 million transit and traffic plan has been approved by the Urban Mass Transit Agency of the Federal Department of Transportation, in the amount of \$800,000 for preliminary engineering and design studies. Follow-on funding approval of the \$14.5 million Federal portion of these costs is expected within the next few months.

In accordance with the Law, the City is required to have a General Plan, and the Project must be in conformance with such General Plan. The Land Use Element of the General Plan was amended October 24, 1978, and the Project is fully consistent with such Land Use Element.

Project Status

Various governmental entities (including the City and the Agency) have been actively involved in the Project since its adoption in 1975, and a number of actions or events have occurred which will help to implement the Plan and foster future private development. First, the City/County Civic Center complex is virtually complete, with the construction of County offices and courts, and the new City Hall

and library facilities. A new State office building is to be constructed on the site of the former City Hall (now demolished), at a cost of approximately \$10 million. Secondly, the City's Tidelands Agency has made substantial progress in the development of the public facilities on the properties within the Project which are under its primary jurisdiction (see page 47 hereof for a discussion of this development and future plans). Third, the Agency has entered into firm Disposition and Development or Owner Participation Agreements with five developers and is in the process of negotiating additional agreements with other interested parties for development of Project properties. Two of these developments are currently in progress.

As of June 30, 1978, the City has advanced \$915,912 towards Project costs which are not expected to be recovered from proceeds of the current financing program (additional funds have been advanced since such date, which are also to be treated by the City as a loan to the Agency and will not be recovered from proceeds of the financing program). These advances of funds have been made in anticipation of new development that will promote additional business activity and thereby generate revenues (such as sales and use taxes, and transient occupancy taxes) which will accrue directly to the City.

Of the three major developments currently in progress within the Project, the largest is the Long Beach Plaza, a regional shopping center which is being developed by the firm of Ernest W. Hahn, Inc., El Segundo, California, one of the nation's foremost developers and operators of regional shopping centers. As presently proposed, the Plaza will be located on the Developer Parcel of 14.186 acres and will contain three major department stores and approximately 120 retail and related establishments in a two-level mall. In accordance with the terms of the First Implementation Agreement to the Disposition and Development Agreement, and the DDA between the Developer and the Agency, the Agency agrees to convey with the Developer Parcel by May 1, 1980, for an agreed price of \$5,050,000, and further agrees to construct or cause to be constructed a public parking garage containing no less than 3,000 parking spaces. In turn, the Developer agrees to construct the Plaza which is to contain not less than 600,000 nor more than 640,000 square feet of gross leasable area. The parking garage is to be subleased to the Developer for an agreed price plus additional consideration.

The Plaza will be a fully enclosed air conditioned mall located on a gross site area (including parking garage) of 22.289 acres, bounded by Pine Avenue, Sixth Street, Long Beach Boulevard and Third Street on the West, North, East and South, respectively. Three major department stores, Buffums', J.C. Penney and Montgomery Ward, will anchor the development and approximately 120 shops will be located in the landscaped mall. The anchor tenants have approved their locations in the Plaza, and the Developer is currently in the process of negotiating final lease agreements and terms of a Reciprocal Easement Agreement with two of these three firms (see the "Introduction" hereto). Terms of the REA have been approved by formal action of the Agency, the City, the Developer and the department stores, and upon execution by all parties thereto will be filed with the Los Angeles County Recorder. The Developer has deposited a non-refundable good faith deposit equal to 10 percent of the agreed purchase price of the Developer Parcel (a \$505,000 deposit), and has further agreed to make additional payments for sublease of the parking garage to be financed with proceeds received from the sale of the various series of Parking Lease Revenue Bonds of the Agency.

As part of the development of the Plaza, Buffums' plans to relocate its corporate headquarters to a new 66,000 square-foot office building from their existing Long Beach offices. Construction of the Plaza and the proposed offices will proceed concurrently.

Upon receipt of proceeds of bonds currently being offered by the Agency, together with other funds allocated to the Project, the Agency will complete proceedings for the assemblage of land comprising the Developer Parcel and the Agency Parcel, clear the property, and relocate all tenants and occupants of the properties. According to the First Implementation Agreement, all property required for development of the Plaza and attendant parking is to be available by December 15, 1979.

The proposed parking facilities will consist of a 3½-level garage adjoining the mall containing approximately 3,000 spaces. The Developer has agreed to submit a bid not exceeding \$12,492,000 for construction of this facility, but if a lower construction bid is received at the time for receipt of such bids, the construction contract will be awarded to such low bidder.

Gross building area and commercial space within the Plaza, as presently planned, is summarized in the following tabulation (excludes parking).

LONG BEACH PLAZA

Gross Building and Leased Areas

| | Gross Building Area (square feet) | Gross Leased Area (square feet) |
|------------------------------|---|---------------------------------------|
| Department stores: | | |
| J.C. Penney | 115,690 | 110,000 |
| Buffums' | 80,000 | 76,000 |
| Montgomery Ward | 143,400 | 130,800 |
| Mall shops | 298,530 | 259,000 |
| Retail in parking garage .. | 29,000 | 29,000 |
| Free-standing retail | 16,200 | 16,200 |
| Office building (Buffums') . | 66,000 | 66,000 |
| Public area | 111,650 | — |
| Totals | <u>860,470</u> | <u>687,000</u> |

Source: Report of the Valuation Consultant dated February 7, 1979.

In order to develop estimates of the valuation of the Long Beach Plaza upon completion and occupancy, the Agency retained the services of the Valuation Consultant (Katz, Hollis, Coren & Associates, Los Angeles) to prepare an analysis of the proposed Plaza development and submit a report to the Agency presenting their estimate of the values of land (the Developer Parcel), improvements (the Plaza, Buffums' office building and the leasehold interest in the parking garage), and personal property (furnishings, fixtures and inventories). The report of the Valuation Consultant, dated February 7, 1979, estimated the market value of the foregoing property at \$65,351,250 upon full development and occupancy. Under the current practice of assessing property at 25 percent of market value, the total assessed valuation is estimated at \$16,337,812. A summary of the Valuation Consultants estimates is presented in the tabulation on the following page.

Two additional developments are currently in progress within the Project which are expected to represent an aggregate market value of \$15,894,000 when both are completed in the latter half of 1980.

The first of these is a 107,000 square-foot, 10-story office tower and 300-car parking garage which is now under construction in downtown Long Beach. This development will be occupied by Home Savings and Loan Association, and will serve as their regional headquarters offices. The Agency has acquired and cleared the site, relocated all occupants

and will convey fee title to the property to Home Savings in May of 1979. Construction began in January of 1979, and is scheduled for completion by July 1, 1980. On the basis of building permit values and architects' estimates, the full value at completion is estimated at \$8,240,000, or \$2,060,000 of assessed valuation at the 25 percent assessment ratio.

LONG BEACH PLAZA

Estimated Market Value

| | Market Value |
|--|---------------------|
| Department stores: | |
| J.C. Penney | \$ 4,049,150 |
| Buffums' | 2,800,000 |
| Montgomery Ward | 4,578,000 |
| Mall shops | 13,433,850 |
| Retail in parking garage | 435,000 |
| Free-standing retail | 810,000 |
| Office building (Buffums') | 2,970,000 |
| Public area | 5,024,250 |
| Furnishings, fixtures and inventory .. | 13,709,000 |
| Parking garage (leasehold interest) .. | 12,492,000 |
| Developer Parcel (purchase price) .. | 5,050,000 |
| Estimated Market Value | <u>\$65,351,250</u> |
| Estimated Assessed Valuation | |
| (@ 25%) | <u>\$16,337,812</u> |

Source: Report of the Valuation Consultant dated February 7, 1979.

The second such development is a 230-room Holiday Inn Hotel to be constructed, owned and operated by Joseph A. Perry of Glendale, California. The Disposition and Development Agreement between this developer and the Agency calls for the construction of a nine-story hotel building and a three-story parking garage. The project will include a banquet facility, meeting rooms, dining room and recreational facilities. The developer and the Agency estimate the market value at completion at \$7,654,000, which would represent an assessed valuation of \$1,913,500. Preliminary development plans have been approved by the City and Agency and a building permit is expected to be issued when acquisition of the site has been completed by the Agency. At present, the Agency has relocated all occupants of the site and has obtained possession of all parcels comprising the site. Full title to all parcels is scheduled by late summer or fall of 1979, at which time the property will be conveyed to the developer and construction will begin. Completion is scheduled for September of 1980.

Several additional developments are in various stages of implementation or review by the Agency, but because certain actions remain to be taken, are not treated herein as being available for the production of Tax Revenues or other income to the Agency. These include a proposed 345-unit condominium development on a site to be acquired and cleared by the Agency (financing for this development may be obtained by the Agency through the issuance of its Mortgage Revenue Bonds during the



Architects' rendering of the 10-story Home Savings regional office which is presently being constructed within the Project.

summer of 1979). The Agency has entered into a Disposition and Development Agreement with the developer, and is in the process of arranging procedures and funding for site acquisition. No date for completion of construction has been established.

A second condominium project has been approved by the Agency under an Owner Participation Agreement. To be constructed in three phases, the development is presently expected to include 104 living units, a health club, parking facilities and office/commercial space. The site for the first phase has been cleared and is owned by the developer, preliminary design plans have been approved by the City, and utility relocation has been completed. Additional property will have to be obtained for subsequent phases. It is anticipated that development of the first phase will start when the developer obtains the necessary financing.

The Agency is reviewing several other developer proposals for additional projects which include a second hotel, a 45,000 square-foot retail complex, and approximately 400,000 square feet of offices. In addition, the Tidelands Agency is negotiating for a convention hotel to be constructed within the Project, adjacent to the Pacific Terrace development (See page 47 hereof for additional discussion of this proposed development).

Increases in the assessed valuation of the Project resulting from construction of any of these potential developments will generate additional Tax Revenues which will be pledged to payment of outstanding Tax Allocation Bonds issued by the Agency on behalf of the Project.

Disposition and Development Agreement

Under terms of the Disposition and Development Agreement with the Developer, and the First Implementation Agreement thereto, the Agency is committed to convey cleared land suitable for building construction on the shopping center site (the Developer Parcel) and certain peripheral parcels, in addition to making a number of site improvements. The area of the Developer Parcel is 14.186 acres. Modifications in existing utility systems, including water mains, sanitary and storm sewers, telephone and electrical lines and conduits, will be made to assure proper service to the Plaza. All electrical utility lines on the site will be underground.

Traffic and street systems will also be improved as necessary to assure adequate flow of vehicular traffic to and from the Plaza. The traffic control system will be improved to accommodate the increased traffic volume resulting from development of the Plaza. In addition, the major streets directly serving the site will be further improved to enhance their appearance and traffic capacity.

The Agency has agreed to assemble a site of 22.289 acres for the Plaza and the parking garage. The total site is composed of parcels in private and public ownership and certain interior street systems and minor easements. Property acquisition proceedings will be completed following sale of the Bonds now being offered.

Currently there are 120 business or commercial and 151 residential tenants or owners within the site who must be relocated. The Agency has employed Port and Flor, Incorporated, El Segundo, to provide relocation assistance, and Security Land and Right of Way Services, Inc., Long Beach, for property acquisition services.

At such time as the Agency has acquired those parcels comprising the site for the Developer Parcel, the property will be transferred to the Developer. Within 30 days after conveyance of title, construction is required to commence. The First Implementation Agreement provides that the Plaza is to be completed on or before August 1, 1981, and the parking garage is to be completed not later than the same date.

In addition to the mall building itself, the Developer will design and submit a bid for construction of the parking structure to serve the Plaza. It is anticipated that the parking structure will be financed through the issuance of Series B Parking Lease Revenue Bonds by the Agency and other available funds. The Developer has agreed to construct the parking structure at a price not to exceed \$12,492,000. Competitive bids for construction of the parking structure must be obtained by the Agency, and any bid lower than the Developer's guaranteed price will result in award of the contract to such bidder.

Upon completion of the parking garage, the structure and the site will be leased to the City. The City will sub-lease this property to the Developer, for which the Developer has agreed to pay an annual rental of \$340,000, plus a supplemental payment of \$405,000 per year. In addition, the Developer agrees to pay all costs of maintenance and operation of the garage.

The Financing Program

Net proceeds to be received from the sale of the 1979 Bonds and the Series A Bonds, being offered concurrently, will be used primarily to assemble and clear property comprising the Developer Parcel and Agency Parcel, respectively, pay relocation costs, meet required expenditures for public improvements (principally utility undergrounding and relocation, and perimeter street improvements), and to pay Agency administrative costs during development of the Project. Total costs associated with the current financing program exceed available net proceeds of the two bond issues now being offered, and the Agency plans to pay the costs not covered from bond proceeds from a combination of Federal grants and loans and a short term loan from the City (to be repaid from proceeds from the sale

Table 1

Long Beach Plaza (Developer Parcel)

Estimated Public Costs

| | |
|---|---------------------------|
| Property acquisition and related services | \$ 8,549,020 ^① |
| Relocation costs and related expenses | 2,675,000 |
| Demolition and clearance | 1,972,500 |
| Public improvements | 375,000 |
| Administration | 100,000 |
| Total Public Costs | \$13,671,520 |

^① Based in part on appraisals by Donahue & Co., Inc., Tustin, California and S. M. Dix, Inc., Grand Rapids, Michigan.

Table 2

Long Beach Plaza (Agency Parcel)

Estimated Public Costs

| | |
|--|---------------------------|
| Property acquisition and related services | \$ 7,698,264 ^① |
| Relocation costs and related expenses | 2,675,000 |
| Demolition and clearance | 2,372,500 |
| Public improvements (including parking garage) | 12,867,000 |
| Administration | 25,000 |
| Total Public Costs | \$25,637,764 |

^① Based in part on appraisals by Donahue & Co., Inc., Tustin, California and S. M. Dix, Inc., Grand Rapids, Michigan.

of the Developer Parcel). Preliminary or final approvals have been obtained for the required supplemental funding. Tables 1 and 2 present the Agency's estimates of total public costs applicable to the Developer Parcel and the Agency Parcel (including construction of the parking garage), respectively. Table 3 presents the funding sources to be employed by the Agency to meet such costs. The portion of respective bond proceeds to be applied to such costs is presented in "The Bonds" section of the two official statements.

Table 3

LONG BEACH PLAZA

Sources of Capital Funds

| | |
|--|---------------------|
| Community Development Block Grant (Yr. IV) | \$ 1,100,000 |
| Tax Allocation Bonds, Issue of 1979 .. | 3,048,000 |
| Parking Lease Revenue Bonds, Series A and B | 8,188,100 |
| Short-term loan from | 4,411,322 |
| Urban Development Action Grant .. | 8,000,000 |
| Section 108 Loan ^① | 1,446,862 |
| Community Development Block Grant (Yr. V) | 4,000,000 |
| Economic Development Administration Title IX grant | 7,000,000 |
| Urban Mass Transportation Agency grants | 2,115,000 |
| Total Funding for Public Costs .. | \$39,309,284 |

^① Authorized under Section 108 of the Housing and Community Development Act of 1975, as amended. Repaid from subsequent years' grants.

At present, it is anticipated that the Agency may determine that subsequent costs of the Project (not the Plaza development discussed herein) will necessitate the issuance of bonds on a parity with the Tax Allocation Bonds, Issue of 1979. Such additional bonds may be issued only under the conditions precedent specified in the Resolution authorizing the issuance of the 1979 Bonds. It is not expected that such additional bonds will be issued within twelve months from the date of the 1979 Bonds (May 1, 1979). However, it is anticipated that an additional series of Parking Lease Revenue Bonds will be issued within the next 18 months to assist in financing the construction of the proposed 3,000-space parking garage to serve the Long Beach Plaza and adjacent property. The principal

amount of such Parking Lease Revenue Bonds is presently estimated at approximately \$3,870,000 (including capitalized interest, reserves, and costs of issuance), but the actual amount to be issued will be determined at the time the parking structure is to be constructed.

As previously stated, the parking garage and its site will be leased to the City by the Agency and subleased to the Developer. The lease payment by the City is the primary security for the Parking Lease Revenue Bonds, and the City intends to meet its rental obligation to the Agency from payments by the Developer and from parking meter revenues. The Developer has agreed to make total annual payments of \$745,000 to the City for use of the parking garage. On the basis of historical parking meter revenues received by the City, it is estimated that at least \$200,000 will be available from this source each year (street meters produced more than \$200,000 in each of the last three years before being removed in October of 1977). Re-installation of the meters has been approved by the City Council, and has allocated the annual revenues therefrom to the lease payments to the Agency. The meters will be generating revenues as of May 1, 1979. It is believed that the aggregate payments and revenues to be received by the City from the Developer and parking meters will be sufficient to meet such lease payments. However, the City's obligation to make annual lease payments to the Agency is not dependent upon or subject to receipt of funds from these sources. The City covenants to budget and appropriate sufficient moneys each year to meet its obligation to the Agency from any legally available source of funds.

Environmental Considerations

The Long Beach Downtown Redevelopment Project is subject to the provisions of the California Environmental Quality Act (Public Resources Code, Section 21000 et seq.), and as such an Environmental Impact Report on the Project and particular portions thereof (the Plaza) was prepared, a hearing was held in the City of Long Beach, and the final report was filed with the California Secretary of Resources and certified by the City Council. The most recent certification (of the Final Subsequent Environmental Impact Report) occurred on July 12, 1977. The time permitted for challenging this or previous reports has now expired.

The Developer

As previously stated, the Developer selected for the Long Beach Plaza is the firm of Ernest W. Hahn, Inc., of El Segundo, California. The Hahn organization is a successful developer and operator of regional shopping centers, and is also a major contractor for the construction of such properties and other developments. Ernest W. Hahn, Inc. stated in its third quarterly report for the nine months ended November 30, 1978, that it holds an equity interest in 19 operating regional shopping centers, which it also manages. Another 10 such centers were then under construction, and 25 others were in various planning stages. For the above mentioned three quarters, the firm reported "gross revenues from total operations" of \$113,023,000 (compared with \$87,213,000 for the corresponding 1977 period), "net cash flow from total operations" of \$12,302,000 (compared with \$5,366,000 for the corresponding 1977 period), and "net earnings" after provision for income taxes of \$3,655,000 (compared with \$845,000 for the corresponding 1977 period). Net earnings per share for the nine-month period were \$.76, as compared with \$.18 per share for the corresponding nine-month period in 1977. The preceding information is presented as a summary of certain information published by Ernest W. Hahn, Inc. and any interested parties are referred to the firm's "Third Quarter Report" (for the nine-months ended November 30, 1978) for further details. No representations whatsoever are made herein as to the accuracy or completeness of the information summarized as to the Hahn organization.

Ernest W. Hahn, Inc. has had extensive experience in the development and operation of major shopping centers in redevelopment projects in the State of California. These projects include: Fox Hills Mall, Culver City—a regional shopping center containing 927,000 square feet of gross leasable space which was opened in October of 1975; the Santa Maria TownCenter, Santa Maria—a two department store regional shopping center containing 442,000 square feet of leasable space, (the fully completed center was opened for business on July 1, 1976); the Hawthorne Plaza, Hawthorne—an 840,000 square-foot shopping center with three major department stores that opened on February 21, 1977, on schedule; the Sunnyvale TownCenter, Sunnyvale—a 735,000 square-foot shopping center scheduled to open in the late summer of 1979; the Plaza Pasa-



Long Beach Civic Center and Plaza, located within the Downtown Redevelopment Project.

dena, Pasadena—a 600,000 square-foot center with three majors scheduled to open in the spring of 1980; the Santa Monica Place and Santa Rosa Plaza, both scheduled for opening in the fall of 1980, with 560,000 and 691,000 square-feet of retail area, respectively. In addition, the firm is developing a 722,000 square-foot center in a redevelopment project in Ogden City, Utah. The Hahn organization has entered into Disposition and Development Agreements or exclusive negotiating agreements for the construction of regional or sub-regional shopping centers in other redevelopment projects in California, for which construction has not yet started. Since a major portion of the revenues that will be pledged or applied to the payment of debt service on the bonds now being offered by the Agency will be generated as a direct result of the efforts and

accomplishments of the Developer within a designated portion of the Project, it is believed that the foregoing information pertaining to the Developer is a matter of interest to potential purchasers of these obligations. With this record, it may be expected that the Plaza will be developed in a timely manner and in accordance with the DDA and the First Implementation Agreement thereto.

Ernest W. Hahn, Inc. received an award as “Outstanding Developer of the Year” in 1976, on the basis of a poll taken by *Shopping Center World* of department and chain stores. Specific determinants for the award included the demonstrated ability of the Hahn organization to complete new shopping centers on schedule and to live up to other commitments to prospective tenants.

ESTIMATED TAX REVENUES AND BOND RETIREMENT SCHEDULE

Project Action Schedule

Payment of Bond interest, the making of minimum sinking fund deposits and payment of remaining principal at maturity are contingent upon development of the Long Beach Plaza, and to a lesser extent, the development of other specified property within the Project. Any delays in completion of the Plaza (or other property identified as necessary for the generation of Tax Revenues), or any significant portion thereof, could delay the receipt of Tax Revenues, and therefore impair the security of the Bonds. In order to provide for the timely development of the Plaza, and to assure that the required payments and deposits will be made for the benefit of the Bondholders, the Agency and the Developer have agreed (in accordance with the First Implementation Agreement to the Disposition and Development Agreement previously discussed) to the following schedule of major actions which have been or are to be taken by both parties (two identified actions are not a part of the First Implementation Agreement, but pertain to the other developments in progress). The schedule represents a formal commitment of the parties thereto, but may be modified as warranted by then current conditions. It is indicative of the mutual objectives to be attained by the Developer and the Agency in development of the Plaza as planned, and reflects the schedule mutually agreed upon by both such parties that will allow a reasonable time for accomplishment of the necessary actions.

Approved Schedule of Actions

3/13/79—Long Beach City Council and Agency have approved or introduced (as to Ordinances):

1. First Implementation Agreement
2. Reciprocal Easement Agreement
3. Parking Sublease (to Developer)
4. Lease Agreement for parking garage between City and Agency
5. Ordinance approving reinstallation of parking meters and allocation of revenues to City General Fund.

- 3/20/79—Ordinances approving Lease Agreement for parking garage and reinstallation of parking meters were adopted.
- 4/10/79—City Council and Agency authorize issuance of Parking Lease Revenue Bonds, Series A, and Tax Allocation Bonds, Issue of 1979.
- 4/20/79—Ordinances become effective.
- 4/23/79—Agency takes action necessary to initiate eminent domain proceedings for property acquisition.
- 5/1/79—Eminent domain actions filed.
- 5/8/79—Date of sale for Parking Lease Revenue Bonds, Series A, and Tax Allocation Bonds, Issue of 1979.
- 5/30/79—Delivery date for both bond issues.
- 6/30/79—Reciprocal Easement Agreement approved by all parties and placed in escrow.
- 8-12/79—Site clearance accomplished as properties are acquired by Agency.
- 11/1/79—Relocation of all tenants and occupants of property to be acquired is completed.
- 12/1-15/79—Agency acquires possession of all property comprising the Developer Parcel and site of the parking garage; all voluntary acquisition completed.
- 3/15/80—Construction starts on parking garage (initial costs met from federal financial assistance program funding).
- 5/1/80—Developer Parcel conveyed to Developer. Approved Reciprocal Easement Agreement executed by all parties and recorded.
- 7/1/80—Home Savings office building completed (not part of the First Implementation Agreement).
- 7/1/80—Developer commences construction of Long Beach Plaza.
- 9/1/80—Series B Parking Lease Revenue Bonds issued by Agency to meet balance of parking garage costs.
- 9/1/80—Construction of Holiday Inn completed (not part of the First Implementation Agreement).
- 8/1/81—Construction of parking garage completed.
- 8/1/81—Construction of Long Beach Plaza completed.
- 3/1/82—Lien date for assessment of property which will generate Tax Revenues to meet Bond interest and principal due May 1, 1983. (Included in schedule for information purposes only).

Estimated Tax Revenues

All Tax Revenues (as previously defined) derived from the levy and collection of property taxes on any increase in the assessed valuation of land, improvements, public utility, personal and all other taxable property in the Project over and above the 1974/75 frozen base roll established by the county for such property are to be deposited in the Redevelopment Project Special Fund on and after May 1, 1979 (the date of the Bonds), and be applied by the Fiscal Agent to the payment of Bond interest, the making of minimum sinking fund payments and payment of principal at maturity. If by each July 31, the balance on deposit or to be deposited in the Special Fund exceeds Bond interest, minimum sinking fund payments and principal coming due or payable on the next following November 1 and May 1, the Fiscal Agent may, upon request, transfer such excess to the Agency under the conditions specified in the Resolution and discussed in "The Bonds" section of this official statement (page 8).

Each annual levy of property taxes is made at the then applicable rate, but for the purpose of estimating future Tax Revenues and presenting an estimated Bond retirement schedule, the projection of Tax Revenues available for payment of Bond interest, minimum sinking fund payments and principal is based on the present (1978/79) basic property tax rate of \$4 per \$100 assessed valuation (excludes rates, if any, levied to service "indebtedness approved by the voters", which is not allocated to redevelopment agencies by the County of Los Angeles). This basic tax rate is the maximum permitted under the aforementioned Article XIII A of the California Constitution. The estimates of Tax Revenues presented in this official statement are based upon a continuation of the \$4 tax rate against all property. Although there is no assurance that the \$4 tax rate will in fact be maintained in subsequent years, it should be noted that this maximum rate is now embodied in the State Constitution, and is required to be levied by legislation implementing Article XIII A.

Since the Project is currently in the preliminary development phase, only a nominal increase in incremental assessed valuation has been recorded. However, it is expected that this increase will be eliminated as the Agency acquires property within the Project for sale to the Developer. If the property comprising all or a major portion of the Developer Parcel is in Agency ownership or possession on a lien date for the assessment of property (each March 1), the assessed valuation of the Project will probably decline

below the base-year valuation. Upon transfer of the Developer Parcel and construction of the Plaza and other presently committed improvements, it is anticipated that the Project assessed valuation will increase to the level shown in Table 4 on page 26. The new construction and other property which comprise the anticipated increase in the assessed valuation of the Project are discussed in the section hereof entitled "Project Status", page 17. Valuations of property to be acquired for re-sale and as the site for the proposed parking garage have been estimated by the Agency and the Valuation Consultant and have, as indicated in Table 4, been deducted from estimated Project or base-year valuations at completion in order to arrive at the estimated incremental assessed valuation of the Project. Upon completion of the Plaza and other indicated developments (by the 1982/83 fiscal year) the incremental assessed valuation of the Project is estimated at \$19,886,820, as shown in Table 4. In addition, it is expected that the Project will reflect an incremental assessed valuation of at least \$4,811,000 in the 1981/82 fiscal year as valuations for the Developer Parcel, the Home Savings office and the Holiday Inn are reflected on the Los Angeles County tax rolls. No valuations have been assigned for partial assessment of the Plaza during construction (which in actual practice will be assessed for the value of construction in place as of each March 1 during which construction is in progress), nor have any valuations been assigned to proposed private development within the Project which had not been initiated as of the date of this official statement. The Agency has entered into Disposition and Development Agreements, or is actively negotiating such agreements, for the development of other property within the Project boundaries which will produce future Tax Revenues in addition to those estimated in this official statement. However no estimates of such development or revenues therefrom are included herein. Article XIII A of the California Constitution permits a maximum inflationary increase in valuations of 2 percent per year. Estimates of assessed valuations and Tax Revenues presented herein have not been adjusted for any inflationary increases.

Based on the Project Action Schedule set forth above, the estimated incremental assessed valuation presented in Table 4, and continuation of the present \$4 tax rate, it is estimated that the Project will generate Tax Revenues of approximately \$795,470 annually commencing in the 1982/83 fiscal year. Such revenues will cover estimated average annual debt service on the Bonds (interest plus min-

imum sinking fund payments and remaining principal at maturity) by about 1.76 times, at an assumed interest rate of 8 percent per annum. Average annual debt service is estimated at \$451,000 (see Table 5, page 28). Maximum annual debt service (estimated at \$455,000 in Table 5) is expected to occur in the 2004/05 fiscal year, and the estimated Tax Revenues will cover this amount by nearly 1.75 times. Maximum annual interest only (\$388,800) would be covered 2.04 times. Since interest on the Bonds is funded through November 1, 1982 (at least 15 months after scheduled completion of the Plaza and other development indicated in Table 4), the initial payment of interest and minimum sinking fund deposit from Tax Revenues will not be required until May 1, 1983, in the estimated amount of \$249,400. Estimated Tax Revenues to be received in the 1982/83 fiscal year will provide a coverage of about 3.19 times this amount. Based on the schedule of estimated debt service presented in Table 5, the coverage would be 1.79 times in both 1983/84 and 1984/85, respectively the second and third years in which debt service is to be met from Tax Revenues. As previously stated, the Plaza and other specified developments are scheduled to be completed by August 1, 1981, and be fully reflected on the Los Angeles County tax rolls in the 1982/83 fiscal year.

Estimated Bond Retirement

Under the provisions of the Resolution, the Bonds all mature on May 1, 2008, subject to mandatory redemption from minimum sinking fund deposits on each May 1 in the years 1983 through 2007, in the amounts set forth in the section of this official statement entitled "Mandatory Redemption from Sinking Fund Deposits", page 3. The Resolution permits withdrawal by the Agency of "Surplus" Tax Revenues after July 31 of each year, but only if the Tax Revenues received or to be received by the Agency (after deducting the amount, if needed, to maintain the required balance in the Reserve Account) are in excess of the amount of interest, principal or sinking fund payment then due or to become due on the next following November 1 and May 1. In addition, the Reserve Account balance is to be increased to twice maximum annual interest on the Bonds following completion of the Project from interest earnings on all funds established under

the Resolution. The Reserve Account is to be funded initially from Bond proceeds in the amount of maximum annual interest, and must contain a balance of at least this amount for the life of the Bonds.

An estimated schedule of debt retirement and cash flow is presented in Table 5, based on the provisions of the Resolution, the following assumptions, and the estimates and assumptions discussed elsewhere in this official statement.

1. The property and proposed improvements which will generate the Tax Revenues estimated herein will be fully reflected on the tax rolls in the 1982/83 fiscal year.

Table 4

LONG BEACH DOWNTOWN REDEVELOPMENT PROJECT Estimated Incremental Assessed Valuation (1982/83)

| | |
|---|----------------|
| Frozen base assessed valuation (1974/75) | \$34,194,400 ① |
| Long Beach Plaza (at completion) .. | 12,307,312 ② |
| Parking garage (leasehold interest at completion) | 3,123,000 ③ |
| Buffums' office building (at completion) | 907,500 ② |
| Home Savings office (at completion) .. | 2,060,000 ④ |
| Holiday Inn hotel (at completion) .. | 1,913,500 ④ |
| Subtotal | \$54,505,712 |

Less:

| | |
|---|-----------------|
| Assessed valuation of property to be acquired for above private development | \$(2,089,890) ⑤ |
| Adjusted base-year valuation | (32,529,002) ⑥ |
| Incremental Assessed Valuation ... | \$19,886,820 |

① As reported by Los Angeles County Auditor-Controller.

② See Page 18 hereof for discussion of such valuations.

③ Parking garage value based on maximum bid price by Developer specified in First Implementation Agreement.

④ Agency estimates based on recorded building permit values/architects' estimates.

⑤ Agency and Valuation Consultant's estimate obtained from parcel-by parcel examination of Los Angeles County Assessor's records.

⑥ Frozen base valuation less valuation (\$1,665,398) of property to be acquired for permanent public use (the parking garage) and removed from the tax rolls.

2. Tax Revenues are estimated at \$192,460 in the 1981/82 fiscal year and \$795,470 in 1982/83 and each fiscal year thereafter. No allowances have been made for possible increases in Tax Revenues resulting from additional development within the Project (other than that shown in Table 4) or from permitted reassessment of then existing property in future years.

3. Redemption of Bonds from minimum sinking fund payments will be made in accordance with the schedule set forth in the Resolution (see page 3 hereof for such schedule).

4. The interest rate applicable to the Bonds is estimated at not to exceed 8 percent per annum (the statutory maximum).

5. Application of the Reserve Account balance to final interest and principal payments is not reflected in Table 5.

In accordance with Article XIII A of the California Constitution, all property in the state is to be assessed at its 1975/76 "full cash value", and thereafter at its appraised value when purchased, newly constructed or when a change of ownership has occurred after the 1975/76 assessment. The estimates of assessed valuations presented herein are based upon this Constitutional requirement and the permitted appraisal at current values for property newly constructed, purchased or where a change of ownership has occurred. Property carried on the local secured, unsecured and utility rolls is assessed to the owner of record as of each March 1 preceding the fiscal year commencing the next following July

1. Unsecured property taxes are due on the lien date and are payable by the next following August 31, while local secured and utility property taxes are due, one-half, on November 1 and February 1 of each fiscal year and become delinquent on December 10 and April 10, respectively. The Tax Revenues are currently allocated to redevelopment agencies in the county in the following manner: 90 percent of unsecured taxes by each November 15; one-half of secured taxes by each February 28; one-half of secured taxes by each May 30; late payments on secured taxes by each August 30; and final allocation of the previous years' unsecured taxes by each September 30. The estimated Bond retirement schedule presented in Table 5 is based upon the foregoing schedule of tax allocations to the Agency.

On the basis of all estimates and assumptions set forth in this official statement, it appears that Tax Revenues to be generated from new developments discussed herein will, when completed, be sufficient to meet annual Bond interest, minimum sinking fund payments and remaining principal at maturity with a margin of safety. However, to the extent that any such estimates and assumptions are not realized, receipt of Tax Revenues may be adversely affected, thus impairing the security of the Bonds. It is the intention, and in the best interests, of the Developer that the proposed Long Beach Plaza be completed on schedule and as planned. Consequently, it is believed that Table 5 presents a reasonable estimate of Tax Revenues and an orderly retirement of the Bonds by their maturity date.

Table 5

**LONG BEACH REDEVELOPMENT AGENCY
DOWNTOWN REDEVELOPMENT PROJECT**

Estimated Bond Retirement and Cash Flow Schedule—1979 Bonds

| Year Ending May 1 | Estimated Tax Revenues ^① | Bonds Outstanding ^② | Interest Estimated @ 8% | Principal Retired ^③ | Total Debt Service | Annual Surplus ^④ |
|-------------------------|---|-----------------------------------|-------------------------------|-----------------------------------|--------------------------|--------------------------------|
| 1980 | \$ — | \$4,860,000 | \$ 388,800 ^⑤ | \$ — | \$ 388,800 | \$ — |
| 1981 | — | 4,860,000 | 388,800 ^⑤ | — | 388,800 | — |
| 1982 | 192,460 | 4,860,000 | 388,800 ^⑤ | — | 388,800 | 192,460 |
| 1983 | 795,470 | 4,860,000 | 388,800 ^⑥ | 55,000 | 443,800 | 546,070 |
| 1984 | 795,470 | 4,805,000 | 384,400 | 60,000 | 444,400 | 351,070 |
| 1985 | 795,470 | 4,745,000 | 379,600 | 65,000 | 444,600 | 350,870 |
| 1986 | 795,470 | 4,680,000 | 374,400 | 75,000 | 449,400 | 346,070 |
| 1987 | 795,470 | 4,605,000 | 368,400 | 80,000 | 448,400 | 347,070 |
| 1988 | 795,470 | 4,525,000 | 362,000 | 90,000 | 452,000 | 343,470 |
| 1989 | 795,470 | 4,435,000 | 354,800 | 95,000 | 449,800 | 345,670 |
| 1990 | 795,470 | 4,340,000 | 347,200 | 105,000 | 452,200 | 343,270 |
| 1991 | 795,470 | 4,235,000 | 338,800 | 110,000 | 448,800 | 346,670 |
| 1992 | 795,470 | 4,125,000 | 330,000 | 120,000 | 450,000 | 345,470 |
| 1993 | 795,470 | 4,005,000 | 320,400 | 130,000 | 450,400 | 345,070 |
| 1994 | 795,470 | 3,875,000 | 310,000 | 140,000 | 450,000 | 345,470 |
| 1995 | 795,470 | 3,735,000 | 298,800 | 155,000 | 453,800 | 341,670 |
| 1996 | 795,470 | 3,580,000 | 286,400 | 165,000 | 451,400 | 344,070 |
| 1997 | 795,470 | 3,415,000 | 273,200 | 180,000 | 453,200 | 342,270 |
| 1998 | 795,470 | 3,235,000 | 258,800 | 195,000 | 453,800 | 341,670 |
| 1999 | 795,470 | 3,040,000 | 243,200 | 210,000 | 453,200 | 342,270 |
| 2000 | 795,470 | 2,830,000 | 226,400 | 225,000 | 451,400 | 344,070 |
| 2001 | 795,470 | 2,605,000 | 208,400 | 245,000 | 453,400 | 342,070 |
| 2002 | 795,470 | 2,360,000 | 188,800 | 265,000 | 453,800 | 341,670 |
| 2003 | 795,470 | 2,095,000 | 167,600 | 285,000 | 452,600 | 342,870 |
| 2004 | 795,470 | 1,810,000 | 144,800 | 310,000 | 454,800 | 340,670 |
| 2005 | 795,470 | 1,500,000 | 120,000 | 335,000 | 455,000 | 340,470 |
| 2006 | 795,470 | 1,165,000 | 93,200 | 360,000 | 453,200 | 342,270 |
| 2007 | 795,470 | 805,000 | 64,400 | 390,000 | 454,400 | 341,070 |
| 2008 | 795,470 | 415,000 | 33,200 | 415,000 | 448,200 | 347,270 |
| | | | <u>\$8,032,400</u> | <u>\$4,860,000</u> | <u>\$12,892,400</u> | |

① Based on Table 4 (page 26), the estimated incremental assessed valuation of the Project, and on continuation of current property tax rates of \$4 per \$100 assessed valuation (the limit now specified in Article XIII A of the California Constitution).

② Outstanding prior to principal retirement in each of the indicated years.

③ Retired from minimum sinking fund payments (1983 through 2007), or at principal maturity (2008).

④ Subject to retention for interest, sinking fund payments or principal due on next two following interest payment dates after determination date (not later than July 31 of each year), these noncumulative amounts may be transferred to the Agency for any lawful purpose, including payment to other taxing entities levying ad valorem taxes within the Project. Surplus estimates assume that no Parity Bonds will be issued.

⑤ Paid from Bond proceeds.

⑥ One-half paid from Bond proceeds.

Note: The foregoing Table does not reflect interest earnings on invested funds, application of the Reserve Account balance to the final payments of Bond interest and or principal, nor possible application of annual Surplus to purchase or optional redemption of outstanding Bonds.

CITY FINANCIAL DATA

The Bonds are not a debt of the City of Long Beach and the following City financial data are included only for the purpose of providing general information.

Assessed Valuation

The City of Long Beach uses the facilities of Los Angeles County for the assessment and collection of taxes for city purposes. City taxes are assessed and collected at the same times and on the same tax rolls as are county, school, and special district taxes.

The State Board of Equalization reported the 1977/78 Los Angeles County valuations to average 21.3 percent of full value, except for public utility property, which is assessed by the state at 25 percent of full value. County assessment ratios for 1978/79 are not available.

Under California law, two additional types of exemptions were authorized beginning in the tax year 1969/70. The first of these exempts 50 percent of the assessed valuation of business inventories from taxation. The second provides an exemption of

\$1,750 of the assessed valuation of an owner-occupied dwelling for which application has been made to the County Assessor. Under a recently enacted constitutional amendment, the California Legislature can raise this exemption.

Revenue estimated to be lost to local taxing agencies due to such exemptions is reimbursed from state sources. The reimbursement is based upon total taxes due upon these exempt values and therefore is not reduced by any amounts for estimated delinquencies.

Summarized below is the assessed valuation of the City of Long Beach for the most recent five-year period, before provision for the two exemptions described above. Reimbursable exemptions for 1978/79 are as follows: homeowners, \$102,413,045; business inventories, \$126,112,490.

Assessed values for 1978/79 reflect the first-year effects of Proposition 13, now Article XIII A of the California Constitution (see page 6 for the text of such Article).

Tax Rates

Historically, properties in Los Angeles County have been subject to taxation at varying rates by 80 municipalities, including the City, and numerous special purpose districts. Each entity has set its budgeted expenses and then determined, subject to certain legal limitations, the property tax rate to be levied in order to raise sufficient funds. In fiscal year 1977/78 the typical tax rate in the County was

CITY OF LONG BEACH

Assessed Valuations for Revenue Purposes

| | 1974/75 | 1975/76 | 1976/77 | 1977/78 | 1978/79 |
|--|------------------------|--------------------------|------------------------|------------------------|------------------------|
| Secured Roll | \$1,032,359,795 | \$1,087,975,335 | \$1,187,276,215 | \$1,343,510,690 | \$1,329,589,935 |
| Unsecured Roll | 130,372,243 | 210,226,103 ^② | 175,214,242 | 164,036,184 | 319,685,741 |
| Utility Roll | 112,323,000 | 119,947,290 | 127,267,560 | 142,181,170 | 146,880,880 |
| | <u>\$1,275,055,038</u> | <u>\$1,418,148,728</u> | <u>\$1,489,758,017</u> | <u>\$1,649,728,044</u> | <u>\$1,796,156,556</u> |
| Redevelopment Projects ^① | \$ 1,082,545 | \$ 1,685,895 | \$ 18,819,789 | \$ 44,956,414 | \$ 48,620,186 |

^① Property taxes on these incremental assessed valuations are marked for the City's four redevelopment projects (described on page 13), and are not available for general city purposes.

^② Includes \$63,750,000 assessment to Summa Corporation which may be subject to litigation. In this event, any taxes collected may be impounded by the courts.

Source: County Auditor-Controller.

\$13.7861 per \$100 of assessed valuation. Under Article XIII A of the California Constitution (Proposition 13), the maximum tax rate is \$4 per \$100 of assessed valuation, plus such additional amounts as are necessary to cover certain outstanding "indebtedness approved by the voters prior to" July 1, 1978. Each municipal entity must now limit its

appropriations to its available revenues.

In the 1978/79 tax year, the City of Long Beach is not levying a property tax, in accordance with the provisions of Article XIII A, but receives a prescribed portion of the \$4 tax rate levied against all taxable property in the City. A history of City tax since 1974/75 is presented below.

CITY OF LONG BEACH

City Tax Rates

| | 1974/75 | 1975/76 | 1976/77 | 1977/78 | 1978/79 ^① |
|--------------------------|-----------|-----------|-----------|-----------|----------------------|
| General Government | \$1.62145 | \$1.57329 | \$1.59673 | \$1.55911 | \$.15410 |
| Library | .19056 | .21280 | .29018 | .27997 | .32801 |
| Band | .03682 | .03791 | .03288 | .03602 | .00223 |
| Recreation | .24493 | .24391 | .24624 | .28188 | .19053 |
| Transportation | .01536 | .01662 | .01516 | .01406 | .01629 |
| Total | \$2.01912 | \$2.08453 | \$2.18119 | \$2.17104 | \$69116 |

^① Equivalent tax rate, in conformance with Proposition 13 (see page 6).

Source: City Department of Financial Management.

There are 77 tax rate areas in the City of Long Beach. Total 1978/79 tax rates per \$100 assessed valuation in these various areas range from \$4.1186 to \$5.5515.

The City's largest tax rate area in assessed valua-

tion is Tax Rate Area 5500 (1978/79 assessed valuation \$1,651,477,990 all rolls). All tax rates per \$100 assessed valuation in this tax rate area for the past five years are presented in the following tabulation.

CITY OF LONG BEACH

Total Tax Rates

Tax Rate Area 5500

| | 1974/75 | 1975/76 | 1976/77 | 1977/78 | 1978/79 ^① |
|-------------------------|-----------|-----------|-----------|-----------|----------------------|
| County | \$ 4.3544 | \$ 4.5185 | \$ 4.4576 | \$ 4.2544 | \$4.0111 |
| Schools | 5.2817 | 5.4336 | 5.4001 | 5.2136 | .0075 |
| Special Districts | .6879 | .6921 | .6687 | .6731 | .2894 |
| City | 2.1091 | 2.0845 | 2.1812 | 2.1710 | — |
| Total Rate | \$12.4331 | \$12.7827 | \$12.7076 | \$12.3121 | \$4.3080 |

^① See discussion of Proposition 13 page 6. Tax rates include levies to pay "indebtedness approved by the voters," in conformance with provisions of Proposition 13.

Source: County Auditor-Controller.

Secured Tax Levies and Delinquencies

Secured property taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property are levied and payable on March 1 each year, and

become delinquent on August 31.

The following tabulation presents a six-year summary of the City's secured tax levies and delinquencies. Levies and delinquencies are for city taxes only. For the six-year period, the average annual rate of current year delinquency was 1.17 percent.

Secured City Tax Levies and Delinquencies

| Fiscal Year | Secured Tax Levy | Delinquent June 30 | Percent Delinquent |
|---------------|------------------|--------------------|--------------------|
| 1972/73 | \$18,475,877 | \$170,218 | 0.92% |
| 1973/74 | 18,078,795 | 195,559 | 1.08 |
| 1974/75 | 21,141,794 | 297,680 | 1.41 |
| 1975/76 | 22,129,869 | 252,317 | 1.14 |
| 1976/77 | 25,677,799 | 270,023 | 1.05 |
| 1977/78 | 29,340,787 | 412,958 | 1.41 |

Source: County Auditor-Controller.

Largest Taxpayer

No single taxpayer accounts for five percent of the City's total assessed valuation. The largest taxpayer is McDonnell Douglas Corporation, which had a 1977/78 net assessed valuation of \$53,528,269 (the latest information available), or slightly less than three percent of the City's net taxable assessed valuation.

As described in a later section of this Official Statement, the Douglas Aircraft Co., a unit of McDonnell Douglas, manufactures commercial aircraft, and has been established in Long Beach for over 35 years. The McDonnell Douglas Automation Co. also has operations in Long Beach. The McDonnell Douglas Corporation is headquartered in St. Louis, Missouri.

Financial Records

Accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. Operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance, revenues and expenditures.

The modified accrual basis of accounting is followed for the General Fund, Special Revenue Funds, Debt Service Fund, Bond Construction Fund, and Internal Service Funds. Under this method, expenditures (other than interest on long-term debt) are recorded when the liability is incurred and revenues are recorded when received in cash unless susceptible to accrual. The accrual basis of accounting is utilized for Enterprise, Harbor and Tideland Oil Revenue Funds (except for the Airport and Golf Funds).

The encumbrance method of accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of applicable appropriations, is not used. Such commitments are provided for during the annual budget process as carried over commitments.

Financial Statements

Accompanying financial statements were developed from City records. Certain information such as Fund Balances, Revenues, Expenditures and Transfers of Tax Supported Funds and the Tax Supported Fund cash flow analyses were developed by City staff for use in this official statement. In

fiscal 1978/79, the City adopted various accounting changes in order to improve its budgeting and financial reports and to conform its accounting policies and reporting to generally accepted accounting principles for municipalities. The Budget for fiscal year 1978/79 has been prepared in accordance with these changes. No revision of earlier budgets or financial statements, including those contained in this official statement, has been made in light of the time and expense involved.

The following financial statements reflect transactions and balances in the City's tax-supported funds (general purpose, library, band, recreation, and transportation). Table 6 provides a five-year history of revenues, expenditures, transfers, and fund balances in the named funds. Table 7 reflects their combined balances at June 30, 1977 and June 30, 1978. Table 8 presents the City's 1978/79 budget for the combined funds.

On June 30, 1978 the City Council of Long Beach adopted a balanced budget (all funds) for the fiscal year 1978/79. In order to achieve a balanced budget the City Council approved a number of revenue adjustments in the form of increasing fees for such items as business licenses, golf green use, refuse collection, overload permit, lot cleaning charges, and miscellaneous animal control services, in keeping with the City Council's on-going policy that City services should be self-sustaining. In addition to the fee increases, the City eliminated 500 positions from its overall work force. The reductions were largely confined to legislative, legal and support services, recreation, library, human resources, health and community development. City management feels that these reductions will not jeopardize the current quality of life now experienced in Long Beach.

Pension Plans

Since July 1950 the City has contracted with the State Public Employees Retirement System (PERS) for retirement coverage. The retirement plan, as amended, allows simultaneous coverage of eligible employees under PERS and Social Security with the exception that police and fire safety personnel are exempt from Social Security. For miscellaneous members, contribution rates to PERS are 18.487% for the City and 7.00% for employees as of July 1, 1978. For safety members, contribution rates are 30.201% for the City and 9.00% for employees.

The Retirement Law requires the Board of Administration to have an investigation made of the System's experience at intervals of not more than four years and to have an actuarial valuation made of its assets and liabilities taking that experience into consideration. The last actuarial valuation was completed in Spring, 1978 and the July 1, 1978 rates reflect the increase necessitated by such valuation.

The City has "depooled" status with the system, and thus the City account is handled as a separate entity within the overall PERS system. The City's unfunded liability at July 1, 1977 was reported at \$131,771,958 for miscellaneous members and at \$75,750,201 for safety members. The City's current contributions of \$13,964,200 include an adjusted contribution rate to amortize unfunded liabilities by July 1, 2000.

The City has 221 fire and 208 police retired personnel receiving retirement pension benefits pursuant to Section 187 of the City Charter prior to its repeal. Additionally, there are 24 employees working who will be entitled to receive future retirement benefits under Section 187. Benefits are generally 50% of the annual salary of the rank or position held one year prior to the date of retirement. Benefits are then determined by applying the percentage times the current salary attached to that position. The City appropriates sufficient funds to cover its obligation for this plan each year. Pension payments totalled \$5,438,259 during 1977-78. The unfunded liability of the plan has not been determined.

The State Public Employees' Retirement System (PERS) was originally established in 1931. As of June 30, 1977, there were 556,759 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately one-third of the members are state personnel and the balance are public agency personnel. As of June 30, 1977, the System provided retirement, death and survivor benefits under 979 contracts for 2,078 public agency employers (cities, counties, school districts, special districts and other public bodies) with 374,051 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their respective salary schedules.

Table 6

CITY OF LONG BEACH

Revenues, Expenditures, Transfers, and Fund Balances

Tax Supported Funds

| | 1973/74 | 1974/75 | 1975/76 | 1976/77 | 1977/78 |
|-----------------------------------|--------------|------------------------|--------------|---------------|---------------|
| FUND BALANCES JULY 1 ... | \$ 6,757,494 | \$ 7,373,316 | \$ 7,871,585 | \$ 5,885,636 | \$ 2,065,752 |
| ADD: | | | | | |
| REVENUES AND | | | | | |
| TRANSFERS: | | | | | |
| Property taxes | \$19,938,218 | \$23,128,402 | \$24,581,707 | \$ 27,766,315 | \$ 31,739,511 |
| Other taxes | 18,763,167 | 21,875,838 | 22,716,920 | 23,534,796 | 26,524,347 |
| Licenses and permits | 1,599,332 | 1,708,320 | 2,556,804 | 2,808,865 | 3,395,646 |
| From other agencies | 9,108,860 | 11,551,051 | 12,466,122 | 12,978,315 | 13,906,185 |
| Charges for services | 4,233,229 | 4,579,841 | 4,858,757 | 5,385,807 | 8,096,470 |
| Fines and forfeitures | 2,138,568 | 1,978,958 | 2,610,347 | 2,696,814 | 2,779,141 |
| Other revenues | 2,806,252 | 3,694,000 | 5,792,562 | 5,114,491 | 2,774,030 |
| Total revenues | \$58,587,626 | \$68,516,410 | \$75,583,219 | \$ 80,285,403 | \$ 89,215,330 |
| Interfund transfers/reim- | | | | | |
| bursements | \$12,627,733 | \$15,070,901 | \$16,303,786 | \$ 18,362,444 | \$ 23,315,435 |
| Adjustments (Intrafunds) ... | (717,179) | (824,587) | (893,570) | (847,261) | (1,323,033) |
| Total transfers | \$11,910,554 | \$14,246,314 | \$15,410,216 | \$ 17,515,183 | \$ 21,992,402 |
| Total Revenues and transfers | \$70,498,180 | \$82,762,724 | \$90,993,435 | \$ 97,800,586 | \$111,207,732 |
| DEDUCT: | | | | | |
| EXPENDITURES AND | | | | | |
| TRANSFERS: | | | | | |
| Legislative and legal | \$ 1,658,693 | \$ 2,138,219 | \$ 2,207,796 | \$ 2,696,283 | \$ 3,323,128 |
| General government | 1,674,316 | 1,934,803 | 3,323,394 | 7,834,187 | 6,873,913 |
| Public safety | 24,386,434 | 27,676,678 | 44,711,194 | 47,295,856 | 51,812,420 |
| Public health | 1,264,972 | 1,430,164 | 3,106,656 | 3,382,045 | 2,439,316 |
| Community and cultural | | | | | |
| services | 6,448,601 | 7,332,665 | 9,445,543 | 10,722,762 | 10,106,030 |
| Public works | 18,135,242 | 20,662,335 | 26,714,377 | 28,627,887 | 30,441,518 |
| Other services | 14,236,357 | 16,105,858 | 2,932,752 | 227,583 | 231,300 |
| Capital projects | 83,754 | 3,110,185 ^① | — | — | — |
| Total expenditures | \$67,888,369 | \$80,390,907 | \$92,441,712 | \$100,786,603 | \$105,227,625 |
| Interfund transfers/ | | | | | |
| reimbursements | \$ 2,711,168 | \$ 2,698,135 | \$ 1,431,242 | \$ 1,681,128 | \$ 1,323,033 |
| Adjustments (Intrafunds) .. | (717,179) | (824,587) | (893,570) | (847,261) | (1,323,033) |
| Total transfers | \$ 1,993,989 | \$ 1,873,548 | \$ 537,672 | \$ 833,067 | — |
| Total expenditures and | | | | | |
| transfers | \$69,882,358 | \$82,264,455 | \$92,979,384 | \$101,620,470 | \$105,227,625 |
| FUND BALANCES JUNE 30 .. | \$ 7,373,316 | \$ 7,871,585 | \$ 5,885,636 | \$ 2,065,752 | \$ 8,045,859 |

① The Long Beach Redevelopment Agency issued \$9,485,000 of Tax Revenue Allocation Bonds in 1965 in connection with the West Beach Project, the bonds to be redeemed through tax increment revenues. Due to delays in the project development, tax increment revenues were insufficient to meet the redemption due date on Series A bonds. The City loaned the Agency \$3,100,000 on February 3, 1975 to redeem the matured Series A bonds. Subsequently, the decision was made to write off the \$3,100,000 loan, effective in the 1974/75 fiscal year.

Source: City Department of Financial Management.

Table 7

CITY OF LONG BEACH

Combined Balance Sheets

Tax Supported Funds

| | June 30, 1977 | June 30, 1978 |
|---|--------------------|---------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$4,374,922 | \$ 9,020,784 |
| Accounts receivable (net) | 15,260 | 1,063,905 |
| Due from other agencies | 625,557 | 581,637 |
| Due from other funds | 94,875 | 361,486 |
| Inventories | 808,547 | 861,441 |
| Deferred charges | 3,582 | — |
| Total Current Assets | <u>\$5,922,743</u> | <u>\$11,843,647</u> |
| Other Assets: | | |
| Advance to Redevelopment Agency | 3,100,000 | 3,100,000 |
| Allowance for Uncollectibles | <u>(3,100,000)</u> | <u>(3,100,000)</u> |
| Total Assets | <u>\$5,922,743</u> | <u>\$11,843,647</u> |
| LIABILITIES AND FUND BALANCES | | |
| Current Liabilities: | | |
| Accounts and wages payable | \$3,762,149 | \$ 3,769,164 |
| Due to other funds | 94,842 | — |
| Collection held in trust | — | 28,624 |
| Total Current Liabilities | <u>\$3,856,991</u> | <u>\$ 3,797,788</u> |
| FUND BALANCES | | |
| Committed to: | | |
| Cash funds/inventories | \$ 818,412 | \$ 877,606 |
| Restricted Funds (cash basis fund) | 1,279,229 | 1,283,785 |
| Encumbrances | 1,185,792 | — |
| Uncommitted | <u>(1,217,681)</u> | <u>5,884,468</u> |
| Total Fund Balances | <u>\$2,065,752</u> | <u>\$ 8,045,859</u> |
| Total Liabilities and Fund Balances | <u>\$5,922,743</u> | <u>\$11,843,647</u> |

Source: City Department of Financial Management.

Table 8
CITY OF LONG BEACH BUDGET
Tax Supported Funds
Fiscal Year 1978/79

| | Budget 1978/79 |
|--|-------------------|
| Fund Balances July 1, 1978 | \$ 8,045,859 |
| ADD: REVENUES AND TRANSFERS: | |
| Property taxes | \$ 9,812,309 |
| Other taxes | 28,416,310 |
| Licenses and permits | 5,241,340 |
| From other agencies | 23,008,372 |
| Capital grants/revenues | 17,165,248 |
| Charges for services | 8,148,158 |
| Fines and forfeitures | 4,000,000 |
| Other revenues | 2,500,578 |
| Total Revenues | \$ 98,292,315 |
| Interfund transfers/ reimbursements | 27,711,700 |
| Adjustments (intrafunds) | (2,408,063) |
| Total Transfers | \$ 25,303,637 |
| Total Revenues and Transfers | \$123,595,952 |
| DEDUCT: EXPENDITURES AND TRANSFERS: | |
| Legislative and legal | \$ 3,935,467 |
| General government | 7,663,596 |
| Public safety | 58,075,736 |
| Public health | 3,120,803 |
| Community and cultural services .. | 10,550,938 |
| Public works | 27,790,059 |
| Other services | — |
| Capital projects | 19,786,797 |
| Total Expenditures | \$130,923,396 |
| Interfund transfers/ reimbursements | 2,408,063 |
| Adjustments (intrafunds) | (2,408,063) |
| Total Transfers | \$ — |
| Total Expenditures and Transfers .. | \$130,923,396 |
| Fund Balances June 30, 1979 | \$ 718,145 |

Source: City Department of Financial Management.

Note: The City states that due to the imposition of expenditure controls by City administrative action during the current fiscal year, plus certain revenue sources which generated income in excess of budget estimates, the projected Tax Supported Fund Balances at June 30, 1979 are estimated at approximately \$9,300,000 instead of the amount of \$718,145 presented in this Table 8.

Total assets of the System at June 30, 1977 were \$8,951,294,831 according to the annual audit. Of this amount, net assets of \$8,755,875,035 were available for benefits.

The annual contribution by employers for the 1976/77 fiscal year was \$718,363,062. The annual contribution by employees for the 1976/77 fiscal year was \$312,725,614.

The most recent actuarial valuation, performed by PERS, utilized census date as of June 30, 1976. The total unfunded obligation of the System was determined to be \$6,868,665. The method used was entry-age-normal cost, which is a projected benefit cost method wherein level employer normal cost rates, considering present member contributions, are calculated at amounts sufficient to fund benefits over the entire service life of members.

Except for the pooling of certain miscellaneous public agency members, actuarial evaluations are performed for each participating employer, and the total accrued liability noted above is the sum of the individual employer accounts. According to the PERS annual report, public agency employer contribution rates set forth between each agency and PERS will meet all ongoing costs and fund the unfunded liability for each agency in accordance with the terms of each agency's contract.

The System's financial statements are prepared on an accrual basis of accounting and the System's auditor is Touche Ross & Co., San Francisco, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The System's actuarial activities are conducted internally on a continuous basis, with an experience analysis being required no less than every four years under the Retirement Law. Management Applied Programming, Inc., Los Angeles, California is reviewing the June 30, 1977 actuarial valuation prepared by the PERS staff.

Vacation, Earned Time and Sick Leave

Effective July 1, 1978 the City commenced accruing vacation, earned time and sick leave and transferring the estimated amount to an employees' benefit reserve fund. Prior to that date it had been the City's policy to expense such items only when taken or paid. The amount of vacation and earned time, if not used by the employee, is payable upon separation of service. It has been the City's experience that most vacation and earned time is taken each year by City employees. Sick leave payable

upon retiring from City service may be converted to service credits or continue health insurance coverage under the City's health insurance program. As of June 30, 1978 the aggregate amount of sick leave owed to City employees, primarily for periods prior to fiscal year 1977/78, was approximately \$21 million.

Employer/Employee Relations

The City recognizes various certified employee organizations, the principal ones being the City Employees' Association, Police Officers Association and Fire Fighters Association which represent over 90% of all City employees in a variety of classifications. The employees are covered by negotiated three-year agreements expiring on June 30, 1980, which provide for annual salary increases from 5-5.75% for each of the three years. The City reports that there has been no major work stoppage by City employees in the past five years. Although recent State legislation provides the City with \$7.8 million from the State surplus, the legislation also prohibits City employees from receiving a cost-of-living increase. A lawsuit challenging the legality of this legislation was upheld in the California Supreme Court. The City has followed the practice of reserving the anticipated expense for employee salary increases previously agreed upon, and has placed the necessary funds in a separate account.

Lease Obligations

The City's annual lease obligations of \$3,662,505 are composed of the following:

- (1) Annual base rental of \$2,636,755 to the City of Long Beach-Los Angeles County Civic

Center Authority for lease of the new City Hall and Main Library facilities, terminating in the year 2006, or such earlier time as all obligations of the Authority are discharged.

- (2) Annual base rental of \$1,025,750 to the Parking Authority of the City of Long Beach for lease of a multi-level parking structure in conjunction with the Pacific Terrace Center (Auditorium-Exhibit Hall Complex), terminating in the year 2001, or such earlier time as all obligations in connection with the bonds have been discharged.

Insurance Coverage

As of March 5, 1979, general and special insurance coverage amounting to more than \$242 million provided protection for the City against property damage, theft, personal injury, and other contingencies. The insurance portfolio is well diversified, and includes the nation's leading insurance carriers. All policies were current as of the above date.

Bonded Indebtedness

As of March 31, 1979, the City of Long Beach has general obligation bonds outstanding issued for various municipal purposes amounting to \$6,500,000, revenue bonds in the amount of \$27,390,000, and lease revenue bonds of \$46,745,000, as shown in the summary on page 38. The City of Long Beach has never defaulted on the payment of principal or interest on any of its obligations.

A statement of the City's direct and overlapping debt as of May 8, 1979 is presented on page 37.

CITY OF LONG BEACH

Statement of Direct and Estimated Overlapping Bonded Debt

| Population | 344,200 ^① | |
|---|------------------------------------|---|
| 1978/79 Assessed Valuation | \$1,796,156,556 | |
| Estimated Market Value | \$7,184,626,224 ^② | |
| Entity | Percent Applicable ^③ | Debt Applicable May 8, 1979 ^④ |
| Los Angeles County | 5.552% | \$ 679,620 |
| Los Angeles County Building Authorities | 5.552 | 11,944,428 |
| Los Angeles County Flood Control District | 5.116 | 21,654,323 |
| Metropolitan Water District | 3.378 | 17,466,996 |
| County Sanitation District No. 3 | 85.738 | 600,166 |
| County Sanitation District No. 19 | 33.236 | 885,739 |
| Long Beach Unified School District | 87.009 | 665,618 |
| Paramount Unified School District | 11.475 | 79,177 |
| Other School, High School and Community College Districts | Various | 417,098 |
| City of Long Beach | 100. | 6,075,000 |
| City of Long Beach Building Authorities | 100. | 53,210,000 |
| TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT | | \$113,678,165 |
| Less: City water bonds (100% self supporting) | | 1,550,000 |
| TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT .. | | <u>\$112,128,165</u> |

| | Ratio to | | |
|-------------------------------|----------------------------------|------------------------------|---------------|
| | 1978/79 Assessed Valuation | Estimated Market Value | Per Capita |
| 1979 Assessed Valuation | —% | 25. % | \$5,218 |
| Gross Total Debt | 6.33 | 1.58 | 330 |
| Net Total Debt | 6.24 | 1.56 | 326 |
| Gross Direct Debt | 3.30 | .83 | 172 |
| Net Direct Debt | 3.21 | .80 | 168 |

① State Department of Finance, as of January 1, 1978.

② Based on current assessment ratios of 25% of full value.

③ Source: California Municipal Statistics, Inc., San Francisco, California, (only as to percent and amount of debt applicable as of May 8, 1979).

④ Excludes share of Los Angeles County Lease Purchase Obligations, and the Tax Allocation Bonds currently being offered. Includes Parking Lease Revenue Bonds, Series A, now being offered for sale.

| | | |
|--|--------------|---|
| City's Share of Authorized and Unsold Bonds: | | City's Share of State School Building Aid Repayable |
| Metropolitan Water District (GO's) .. | \$12,329,700 | as of 9/30/78: |
| Los Angeles County Flood Control | | \$420,837 |
| District | 1,614,098 | |
| Los Angeles County Hospital | 2,220,800 | |

CITY OF LONG BEACH**Bonded Indebtedness**

| Type of Bond | Authorized | Issued | Final Maturity | Outstanding March 31, 1979 |
|-------------------------------------|--------------|--------------|-------------------|----------------------------------|
| General Obligation: | | | | |
| Improvements | \$12,525,000 | \$12,525,000 | 1983 | \$ 4,275,000 |
| Water | 3,600,000 | 3,600,000 | 1983 | 1,550,000 |
| Fire | 1,275,000 | 1,275,000 | 1987 | 675,000 |
| Total General Obligation Bonds | | | | <u>\$ 6,500,000</u> |
| Revenue Bonds: | | | | |
| Harbor | \$30,000,000 | \$30,000,000 | 1991 | \$24,320,000 ^① |
| Gas | 3,850,000 | 3,850,000 | 1994 | 3,070,000 |
| Total Revenue Bonds | | | | <u>\$27,390,000</u> |
| Lease Revenue Bonds: | | | | |
| Civic Center | \$36,000,000 | \$36,000,000 | 2006 | \$35,070,000 |
| Parking Authority | 11,500,000 | 11,500,000 | 2001 | 11,675,000 ^② |
| Total Lease Revenue Bonds | | | | <u>\$46,745,000</u> |

① Does not include \$21,900,000 Harbor Revenue Refunding Bonds issued November 1972, to refund \$21,250,000 Harbor Revenue Bonds on May 15, 1980.

② Does not include refunding issue of \$9,850,000 held in escrow. Refunding issue in 1976/77 increased debt but reduced debt service costs by \$1.45 million over the life of the debt.

Source: City of Long Beach Financial Management Department.

THE CITY

The City of Long Beach encompasses approximately 50 square miles of land area on the southern coast of Los Angeles County. The city center is 22 miles south of downtown Los Angeles, 450 miles south of San Francisco and 110 miles north of San Diego. For many years Long Beach has been noted as a major industrial, oil producing and beach resort area of Southern California. Long Beach is the second largest city in Los Angeles County and the fifth largest in California.

The Port of Long Beach and a number of large Federal installations impart strength to the local economy. The City has been successful in building a substantial tourist and convention business and is taking vigorous steps to augment this source of tax revenues. The City's climate is mild, with temperatures ranging from an average of 54 degrees in January to 72 degrees in July. Precipitation averages 10.25 inches per year.

Municipal Government

The City was originally incorporated in 1888, and after a short period of disincorporation, reincorporated on December 13, 1897. Since 1907 Long Beach has been governed as a charter city, the present charter having been adopted in 1921.

Long Beach operates under the council-manager form of government, with a nine-member City Council. Councilmen are nominated and elected by district to serve four-year terms. The mayor and vice mayor are elected by the council from among its members. Other elective offices are City Attorney, City Auditor, and City Prosecutor.

The City Manager is appointed by and serves at the pleasure of the City Council. As administrative head of municipal government, he is responsible for the efficient administration of all departments, except the elective offices noted above and three semi-autonomous commission—the Civil Service Commission, Board of Water Commissioners, and Board of Harbor Commissioners. Functions of city govern-

ment are carried out by approximately 4,100 permanent employees within 14 departments.

The police department consists of 620 uniformed officers and 329 supporting personnel. The fire department consists of 22 fire stations housing 3 fire boats, 3 aircraft fire units, a foam unit, 4 aerial ladder trucks, 5 paramedic units, and 18 pumpers, operated by a total complement of more than 400 firefighters. In 1973 the Department was awarded a "Class 1" rating for providing excellent fire protection to the Community.

The City of Long Beach-Los Angeles County Civic Center Authority sold \$36,000,000 of revenue bonds in August 1973 to finance construction of a new 14-story City Hall and a new Main Library, and to acquire the existing 488-space underground Lincoln Park Garage. These structures, now occupied, are integrated elements of the new Civic Center located in a downtown super-block. The new buildings are designed to blend with the existing Long Beach Public Safety Building and the Los Angeles County Courts Building in a park theme of multi-level open space.

The city's Enterprise Funds (Water, Gas, Airport, and Golf), represent assets of more than \$120 million. In the 1977/78 fiscal year, these municipal enterprises generated operating revenues exceeding \$56 million.

In 1931 a charter amendment was passed creating the Board of Water Commissioners and authorizing the City to join the Metropolitan Water District of Southern California. These decisions guaranteed an adequate water supply for the City.

Within the framework of the city's General Plan, orderly growth and development of the community is controlled by a three-step planning and budgetary process utilizing the following instruments: the Annual Budget, the Five-Year Capital Improvement Program, and the Long Range Financial Plan. The latter looks forward 15 years.

Population and Social Characteristics

The City's January 1, 1978 population is estimated at 344,200 by the State Department of Finance. Although this is a nominal increase over the same date of 1977, it represents a decline from the 1970 decennial census, occasioned by the closing of certain operations at the Naval Base in 1975. The above population estimate is approximately the same as the figure reported for the City in the 1960 Federal Census.

U.S. Census tabulations since 1940 are shown below. Additional 1970 Census data for the City, Los Angeles County and the State of California are presented at the bottom of the page.

CITY OF LONG BEACH

U.S. Census Data

| Year | Population | Percent Gain |
|------------|------------|--------------|
| 1940 | 164,271 | — |
| 1950 | 250,767 | 52.7 |
| 1960 | 344,168 | 37.2 |
| 1970 | 358,879 | 4.3 |

As indicated, population growth rate was greatest during the World War II period and immediately thereafter. Since 1960 population has been generally stable. The projected rate of growth continues to show a stable to moderately increasing trend. It would be almost impossible for an area so heavily populated as Long Beach to sustain the growth rates of the postwar period. Population stability and expansion of employment opportunities, nevertheless, assure orderly and controllable growth for the City.

There were 159,550 housing units in the City at January 1, 1978, according to the County Regional

Planning Department. This is 9,417 more than the number reported in the 1970 Census of Housing. Of the current total housing stock, 54 percent are single or duplex units, 45 percent are multiple units, and the remainder are mobile homes.

The median value of owner-occupied homes in the City in the 1970 Census of Housing was \$23,000, compared with a statewide median of \$23,100 and \$24,300 throughout Los Angeles County. In 1978, the average value of residential building permits, exclusive of land, was \$47,729 for single family units and \$30,149 for multiple units.

Personal Income

Residents of the City have a per capita income level above the county, state and national averages. The annual Survey of Buying Power (Sales Management) reported per capita effective buying income for 1977 to be \$7,209 for City residents, compared to \$6,922 in the County, \$6,650 in California, and \$5,986 in the United States. Over 44 percent of all Long Beach households realize annual incomes of \$15,000 or more. This survey reported the median age of all City residents to be 34.4 years, compared with 31.6 in the City of Los Angeles and a county-wide figure of 30.8 years.

Social characteristics of City residents as reported in the 1970 Federal Census are shown below.

1970 Census—Social Characteristics

City, County, and State

| | City of Long Beach | Los Angeles County | State of California |
|---|--------------------|--------------------|---------------------|
| Population | 358,879 | 7,041,980 | 19,953,134 |
| Percent under 18 years of age | 24.5% | 32.1% | 33.3% |
| Percent 62 years and older | 16.9% | 11.6% | 11.2% |
| Median age | 32.7 | 29.2 | 28.1 |
| Average income | \$10,282 | \$10,972 | \$10,732 |
| Per capita income | 3,983 | 3,884 | 3,632 |
| Education (persons 25 years and older): | | | |
| Median school years completed | 12.4 | 12.4 | 12.4 |
| Percent high school graduates | 62.5% | 62.0% | 62.6% |
| Married status (14 years and older): | | | |
| Single | 23.4% | 25.3% | 25.3% |
| Married | 58.8% | 60.6% | 62.4% |
| Widowed | 10.1% | 7.5% | 6.8% |
| Divorced | 7.7% | 6.6% | 5.5% |
| Persons per household | 2.40 | 2.83 | 2.95 |

Source: U.S. Bureau of Census.

Employment

As of January 1976 (latest estimate available for the City), approximately 147,000 persons were employed within the City of Long Beach, according to estimates by the State Department of Employment Development.

Over 22 percent of all employed persons in Long Beach are in manufacturing. The next largest sources of employment are government, services, and retail trade, as shown in the accompanying tabulation.

LONG BEACH LABOR MARKET Employment By Industry, January 1976

| Industry | Employment | Percent of Total |
|---------------------------------------|------------|------------------|
| Construction | 4,500 | 3.0% |
| Manufacturing | 33,000 | 22.4 |
| Transportation, Utilities ... | 10,000 | 6.8 |
| Retail Trade | 23,800 | 16.2 |
| Wholesale Trade | 7,000 | 4.8 |
| Finance, Insurance, Real Estate | 6,900 | 4.7 |
| Services | 29,000 | 19.7 |
| Government | 30,000 | 20.4 |
| Other | 2,800 | 2.0 |
| Total | 147,000 | 100.0 |

Source: State Department of Employment Development.

Approximately 60 percent of the employed residents of Long Beach work in the City, based on findings of the 1970 Federal Census. Others commute to jobs throughout Los Angeles and Orange Counties.

The largest single employer in Long Beach is the Douglas Aircraft Company, a unit of the McDonnell Douglas Corporation. This company is described more fully in the section entitled "Industry". Several large federal facilities provide the basis for substantial employment in the government category. Among these are Long Beach Naval Shipyard and the Veterans' Hospital.

Two utilities, General Telephone Company of California and Southern California Edison Company, have a combined employment of over 1,800 in the city. Other large non-manufacturing employers in the community are Long Beach Unified School

District, City of Long Beach, and California State University, Long Beach. A list of major employers in the City appears on page 42.

The California Department of Employment Development compiles monthly data on the status of employment and unemployment in the Los Angeles-Long Beach Labor Market (Los Angeles County). As an integral part of the Los Angeles Metropolitan Area, Long Beach benefits from the wide variety of job opportunities available in neighboring communities of Los Angeles County. The efficient freeway grid enhances employment mobility over a wide area.

As of December 1978, 3,369,000 residents of this labor market were employed and 198,000 were unemployed. The unadjusted unemployment rate of 5.5% compares with an unemployment rate of 7.1% in December 1977. Seasonally adjusted unemployment rates are not available. Total wage and salary employment increased by 168,300 jobs between December 1977 and December 1978, with the largest gains in durable goods manufacturing.

For the year 1977, there were 3,212,500 nonfarm jobs available in the Los Angeles-Long Beach Labor Market. Over 25 percent of these jobs were in manufacturing and about 23 percent were in wholesale and retail trade. Other principal sources of employment are services and government. The fastest growing categories of nonfarm employment during the 1973-77 period were services, government, and retail trades. As noted above, durable goods employment rebounded strongly during 1978.

A summary of labor force data and nonfarm employment by industry category since 1973 in the Los Angeles-Long Beach Labor Market is shown on page 42.

McDonnell Douglas Corporation, the parent organization, employs over 25,000 persons in Southern California. Douglas Aircraft Company, headquartered in Long Beach, employs over 18,000, with 16,500 at the Long Beach plant. Douglas Aircraft Co. also has plants at Torrance, Lomita, Palmdale and Compton. McDonnell Douglas Astronautics Co. maintains headquarters at nearby Huntington Beach, where it employs 5,000, and operates additional plants at Sacramento and Vandenberg Air Force Base in Santa Barbara County.

Douglas Aircraft Co. has delivered more than 840 DC-9s and over 230 DC-10s to customers around the world.

CITY OF LONG BEACH

Major Employers, 500 or More Employees

| Organization | Product/Service | No. of Employees |
|---|----------------------------------|------------------|
| McDonnell Douglas, Corp. | Commercial aircraft | 16,500 |
| U.S. Navy | Long Beach Naval Shipyard | 7,600 |
| City of Long Beach | Municipal Government | 4,100 |
| Long Beach Unified School District | Education | 4,478 |
| Veterans Administration Medical Center | Medical care | 3,950 |
| California State University, Long Beach | Education | 3,300 |
| Memorial Hospital Medical Center | Medical care | 2,769 |
| Pacific Maritime Association | Marine cargo handling | 2,346 |
| Bauer Hospital/St. Mary Medical Center | Medical care | 1,600 |
| Robertshaw Control Co. | Residential, industrial controls | 1,362 |
| General Telephone Co. of California | Utility | 1,185 |
| Long Beach Community Hospital | Medical care | 950 |
| Knight-Ridder Newspapers | Publisher | 775 |
| Sully-Miller Contracting Co. | Engineering contractors | 700 |
| Buffums Inc. | Department stores | 700 |
| Southern California Edison Co. | Utility | 650 |
| Bank of America | Commercial bank | 565 |
| Pacific Hospital | Medical care | 540 |
| Procter & Gamble | Soaps, oils, shortenings | 518 |
| Pacific Valves (Mark Controls Corp.) | Valves for energy industries | 500 |

Source: City Community Development Department and Long Beach Chamber of Commerce.

LOS ANGELES—LONG BEACH LABOR MARKET

Labor Force, Employment and Unemployment

Annual Averages (000)

| | 1973 | 1974 | 1975 | 1976 | 1977 |
|--|---------|---------|---------|---------|---------|
| Employed | 2,880 | 2,962 | 2,935 | 2,991 | 3,086 |
| Unemployed | 201 | 215 | 315 | 290 | 267 |
| Total Work Force① | 3,081 | 3,177 | 3,250 | 3,281 | 3,353 |
| Unemployment rate | 6.5% | 6.8% | 9.7% | 8.8% | 8.0% |
| Wage and Salary Workers:② | | | | | |
| Mining | 10.5 | 10.9 | 11.2 | 11.2 | 11.3 |
| Contract construction | 107.8 | 105.5 | 95.8 | 95.7 | 99.1 |
| Manufacturing | | | | | |
| Durable goods | 556.9 | 557.7 | 510.3 | 520.3 | 535.7 |
| Non-durable goods | 264.1 | 266.7 | 256.5 | 269.6 | 277.1 |
| Transportation, communications and utilities | 177.3 | 177.2 | 170.7 | 173.5 | 177.2 |
| Trade | | | | | |
| Wholesale | 209.3 | 218.8 | 216.5 | 225.6 | 235.2 |
| Retail | 471.7 | 473.7 | 474.2 | 488.0 | 506.5 |
| Finance, insurance and real estate | 184.1 | 186.6 | 184.3 | 188.4 | 196.2 |
| Services and miscellaneous | 603.8 | 618.6 | 626.9 | 654.9 | 688.9 |
| Government | 442.1 | 458.0 | 478.1 | 480.0 | 485.3 |
| Total Employment | 3,027.6 | 3,073.7 | 3,024.5 | 3,107.2 | 3,212.5 |

① Based on place of residence.

② Based on place of work. Many non residents commute to work in the County from neighboring counties.

Source: State Department of Employment Development.

Industry

Long Beach is an important component of the Los Angeles County industrial complex, the largest concentration of major industrial firms in the western United States. As is true throughout the county, the aircraft/aerospace products group is the most important single industrial category in the Long Beach area. Other important industries include shipbuilding, petroleum products, chemicals, fabricated metals, food and kindred products.

The U.S. Census Bureau, in its 1975 Survey of Manufacturers, reported that 15,400 Long Beach production workers were paid wages of \$178,200,000 during the year, and created Value Added by Manufacture of \$1,097,900,000. Industry shipments were valued at \$2,303,100,000.

As stated earlier, the largest employer in Long Beach is the Douglas Aircraft Co. plant located on a 424-acre site at the Long Beach Airport. With a covered area in excess of 6.7 million square feet, the plant is utilized in the production of DC-9 and DC-10 commercial jetliners.

The Grayson Controls Division of Robersshaw Controls Company employs approximately 1,400 persons at Long Beach in the production of water heating and central heating controls.

Other major manufacturers in Long Beach include Petrolane, a producer of liquefied petroleum gas and other products; Pacific Valves Inc.; Byron Jackson, Inc., a division of Borg-Warner Corp., maker of oil field equipment; Procter and Gamble, soap and shortening specialties; and National Can Co., a container manufacturer. Local operations of Monsanto, B.F. Goodrich, Smith International, Johns-Manville, Reliance Electric, Teledyne, Stauffer Chemical, Tenneco, Pet Foods, and U.S. Steel add to the City's industrial base.

Military Installations

Military installations in Long Beach are of substantial benefit to the City's economy in that they directly create civilian jobs and develop requirements for local commercial and industrial services.

U.S. Navy facilities include the Long Beach Naval Shipyard, Supply Center and Naval Support Activity, located adjacent to the Port of Long Beach. As of July 1978 the Terminal Island Naval Complex employed approximately 5,100 military and 7,569 civilian personnel, while the Naval Hospital

provided jobs for 325 military and 375 civilian personnel. Twenty ships and two afloat unit commanders are based in Long Beach.

Other military installations include U.S. Coast Guard facilities and the Veterans Administration Hospital. Long Beach is the headquarters of the 11th Coast Guard District. Coast Guard employment totaled 1,411 military personnel and 90 civilians as of July 1978. Approximately 4,000 civilians were employed by the Veterans Administration Hospital as of the same date.

Commercial Activity

Retail sales activity in Long Beach is centered at several large department stores in the Central Business District, and at three large outlying shopping centers—Lakewood Shopping Center (165 acres, 116 stores), Los Cerritos Center (95 acres, 128 stores), and Westminster Mall (93 acres, 132 stores).

As part of the City's Downtown Redevelopment Plan, a planned regional shopping center known as Long Beach Plaza is to be developed by the Ernest W. Hahn organization within six city blocks bounded by Third Street, Pine Avenue, Sixth Street, and Long Beach Boulevard. It encompasses 22 acres. Featuring a two-level enclosed mall, the Long Beach Plaza will have more than 600,000 square feet of commercial floor space, parking for 3,000 cars, and approximately 120 retail and service establishments. Anchor tenants are Buffums', Montgomery Ward, and J.C. Penney Co. department stores. The multipurpose complex will also include restaurants and recreational facilities. The project will cost an estimated \$100 million. Construction is expected to begin in early 1980. This development is more fully discussed elsewhere in this official statement.

During 1977, taxable retail sales in the City increased over 11 percent from 1976, and total taxable sales increased more than 19 percent. For the first nine months of 1978 (latest data available) taxable sales totaled \$1,009,366,000 indicating a substantial annual increase over 1977. The summary on page 44 shows annual volume of taxable transactions since 1974.

Construction

The City issued building permits valued at over \$380 million during the five-year period ending in 1978. Of this total dollar volume, about 59 percent

consisted of non-residential construction, predominately new commercial valuation. Residential permits approved during this period represented 3,197 housing units. Over 77 percent were in multi-family structures. Annual permit values since 1974 are summarized in the tabulation on page 45. Some of the larger permits awarded by the City in 1978 are also listed on page 45.

In recent years, large construction projects in the City have included facilities at the Long Beach Convention and Entertainment Center, the 16-story Union Bank Building, the new 14-story City Hall (with adjoining Main Library), and the 96,960 square foot California State College and University Headquarters building near Oeangate.

In order to meet increasing demands for public services in the Long Beach area, the State of California plans to build a major office structure of approximately 155,000 square feet on Broadway across from the Civic Center Complex. The cost is estimated in excess of \$10 million, with construction expected to begin in July 1979.

Over the next few years, construction activity will

be intensified in the Downtown Redevelopment Project area, comprising 421 acres. Major subareas of the Plan are the Central Business District, the Bluff area immediately to the south of the commercial core, and the Tidelands area along the oceanfront.

Home Savings and Loan Association has broken ground for a 107,000 square foot regional headquarters building valued at \$8 million at the northwest corner of Ocean Boulevard and Long Beach Boulevard, within this Downtown Redevelopment Project area. Under the Plan, proposals have been received for construction of the previously discussed regional shopping center, a specialty retail center, two office/commercial complexes and three high-rise condominium projects.

There are several major residential developments underway within the City of Long Beach. Marina Pacifica, the largest, consists of approximately 1,500 condominium units and supporting commercial development along the City's southeastern shoreline. The first phase of the project is completed. An additional 2,900 living units are planned for development in the area.

CITY OF LONG BEACH

Taxable Transactions

(Thousands of Dollars)

| Type of Business | 1974 | 1975 | 1976 | 1977 | 1978 (9 Mos.) |
|---|-------------|-----------|-------------|-------------|------------------|
| Apparel stores | \$ 27,615 | \$ 29,443 | \$ 30,345 | \$ 33,077 | \$ 25,635 |
| General merchandise stores | 81,511 | 80,519 | 87,063 | 92,335 | 63,970 |
| Drug stores | 21,200 | 23,462 | 24,733 | 25,724 | 19,852 |
| Food stores | 54,057 | 59,708 | 65,694 | 73,885 | 59,628 |
| Packaged liquor stores | 30,687 | 30,106 | 32,887 | 34,633 | 26,894 |
| Eating and drinking places | 106,777 | 114,916 | 122,455 | 138,037 | 119,703 |
| Home furnishings and appliances ... | 34,703 | 33,556 | 35,304 | 39,434 | 30,852 |
| Building materials and farm implements | 51,623 | 47,350 | 54,374 | 63,806 | 49,969 |
| Auto dealers and auto supplies | 130,708 | 147,180 | 178,428 | 206,360 | 179,764 |
| Service stations | 178,009 | -7,926① | 86,469 | 89,705 | 106,785 |
| Other retail stores | 77,837 | 81,385 | 89,863 | 100,191 | 78,385 |
| Retail Stores Totals | \$ 794,727 | \$636,699 | \$ 807,615 | \$ 897,187 | \$ 761,437 |
| All other outlets | 257,960 | 329,438 | 193,238 | 297,013 | 247,929 |
| Total All Outlets | \$1,052,687 | \$969,137 | \$1,000,853 | \$1,194,200 | \$1,009,366 |

① Adjustment for misallocations of prior-period sales tax.

Source: State Board of Equalization.

CITY OF LONG BEACH
Building Permit Valuations
(Thousands of Dollars)

| | 1974 | 1975 | 1976 | 1977 | 1978 |
|------------------------------|----------|----------|----------|----------|----------|
| Value: | | | | | |
| Residential | \$17,296 | \$29,222 | \$23,241 | \$41,885 | \$44,738 |
| New commercial | 58,628 | 6,088 | 13,126 | 5,798 | 20,305 |
| New industrial | 6,759 | 1,639 | 2,223 | 12,494 | 2,575 |
| Other non-residential | 13,353 | 29,164 | 16,036 | 18,306 | 17,739 |
| Total | \$96,036 | \$66,113 | \$54,626 | \$78,483 | \$85,357 |
| Number of residential units: | | | | | |
| Single | 31 | 109 | 125 | 318 | 144 |
| Multiple | 388 | 628 | 286 | 504 | 664 |
| Total | 419 | 737 | 411 | 822 | 808 |

Source: *California Construction Trends*, Security Pacific Bank.

CITY OF LONG BEACH
Large Building Permits 1978

| Project | Owner/Builder | Amount |
|-------------------------|------------------------------|-------------|
| Office Building | Hartley Medical | \$1,211,000 |
| Pump Station | City of Long Beach | 1,100,069 |
| Stores | Specialty Restaurant | 500,000 |
| Apartments (90) | Langslet & Son | 4,404,669 |
| Apartments (42) | Shapell Govt. Housing | 756,852 |
| Public Works | Port of Long Beach | 550,000 |
| Apartments (32) | Guy Gagnon | 691,845 |
| Condominiums (18) | Wildcraft Development | 707,856 |
| Senior Center | City of Long Beach | 750,800 |
| Crane Beam | City of Long Beach | 1,163,000 |
| Apartments (39) | Bob Labayne | 1,210,955 |
| Motel | Holiday Inn | 1,225,000 |
| Office Building | Birtcher Pacific | 616,938 |
| Office Building | National Medical Enterprises | 1,088,000 |
| Process Heater | Monsanto Co. | 600,000 |
| Apartments (18) | BPS Development | 941,799 |
| Parking Garage | Columbia Medical Bldg. | 949,693 |
| Office Building | IDM Corp. | 1,037,608 |
| Office Building | Home Savings & Loan | 6,500,000 |
| Office Building | Stonatio Development | 600,000 |
| 3-4 Unit Dwellings (20) | Gary Peters Development | 553,399 |
| Condominiums (18) | S & S Construction | 1,224,620 |
| Building—YMCA | CMP Gen. Contractors | 1,368,500 |
| Gymnasium | City of Long Beach | 500,000 |

Source: *California Construction Trends*, Security Pacific Bank.

Redevelopment

The Redevelopment Agency of the City of Long Beach was established in 1961 to carry out the West Beach Project and other civic improvements. In addition to West Beach, redevelopment projects now include Long Beach Poly High, Downtown, and the West Long Beach Industrial Redevelopment Projects. The four projects have a combined 1978/79 assessed valuation in excess of \$144 million.

The West Beach Project (Oceangate) is a 21-acre office/commercial complex located in close proximity to the Long Beach Convention Center. A 16-story commercial office building housing the regional headquarters of Union Bank, a Wells Fargo Bank office complex, and a shopping mall containing 49,000 square feet have been completed. Norris Industries, Inc. has constructed a building to house corporate headquarters at the site. Slightly more than five acres remain to be developed at Oceangate, for which several development proposals are currently being reviewed by the Agency. The project is being carried out without federal assistance.

Long Beach Poly High is a neighborhood redevelopment project. It involves the 87 acre area from Pacific Coast Highway to Anaheim Street, between Atlantic and California Avenues. The project's primary objectives are to remove the structures in this blighted area and replace them with improved housing for low and moderate-income families. The plan also calls for construction of an Early Childhood Development Center and a new commercial development. The Poly High Redevelopment Project was

initially funded under the Federal Categorical Neighborhood Development Program, and is currently being financed by a Federal block grant under the Housing and Community Development Act of 1974. As of June 30, 1978, total project costs were \$9,791,245. The Redevelopment Agency expects the Poly High Project to be completed by June 30, 1980.

The Downtown Redevelopment Project first appeared on the tax rolls as of the 1974/75 tax year. Features of this Project were discussed in a preceding section of this official statement.

The West Long Beach Industrial Development Project (Westside) also came on the tax rolls in 1976/77. It has been initiated to expand and improve the City's industrial base. The project area encompasses 1,350 acres of industrial land between two freeways, and south of Pacific Coast Highway to Ocean Boulevard, including a portion of the Port of Long Beach. This project is inactive at the present time, due to the legal action previously discussed.

Visitor and Convention Business

Tourism has long been a significant factor in the City's economy. Boating facilities, marinas, sport fishing, shops, and eight miles of public beaches annually attract thousands of visitors to Long Beach. Other recreational facilities and attractions include the *Queen Mary*, Mary's Gate English Village, Community Playhouse, Civic Light Opera, Municipal Band, Symphony Orchestra, the Sports Arena,



View of development completed to date in the West Beach Redevelopment Project, adjacent to the Downtown Redevelopment Project.



The Long Beach Arena, Convention Center and Entertainment Center in the Pacific Terrace Center, located within the Downtown Redevelopment Project. In the distance is the Queen Mary and a portion of the Port of Long Beach.

Terrace Theater, Center Theater, the Belmont Plaza Pool, and the Long Beach Grand Prix.

The City has fostered development of convention business by expanding convention facilities and encouraging private sector participation. Trade shows, conventions, athletic contests and other events are held at the Long Beach Convention and Entertainment Center, described in the following section of this official statement.

During 1977/78, the City hosted 146 conventions, shows and events attended by 113,110 delegates, with total estimated delegate expenditures of \$15,300,000. Hotel/motel occupancy tax (6%) receipts for the 1977/78 fiscal year were \$814,962, an increase of more than 20 percent over 1976/77 tax receipts. Following is a record of conventions and delegate attendance since 1970.

| Fiscal Year (June 30) | Number of Conventions | Number of Delegates |
|--------------------------|--------------------------|------------------------|
| 1970 | 49 | 68,900 |
| 1971 | 64 | 95,000 |
| 1972 | 70 | 117,000 |
| 1973 | 126 | 111,000 |
| 1974 | 168 | 114,000 |
| 1975 | 134 | 99,000 |
| 1976 | 141 | 94,000 |
| 1977 | 143 | 68,735 |
| 1978 | 146 | 113,110 |

Source: Long Beach Convention and News Bureau.

Downtown Long Beach Tidelands Development

The City's tourist and convention industry was vitalized considerably with the opening of the Long Beach Convention and Entertainment Center in January, 1978. Previously known as the Pacific Terrace Center, the complex is one of the world's largest and provides outstanding convention, trade show, and meeting room facilities, as well as facilities for major entertainment and cultural events.

The \$51.5 million development is linked to the existing Arena and includes a 100,000 square foot Exhibition Hall, the 3,141-seat Terrace Theater, the 862-seat Center Theater, 22 major meeting rooms, and parking for 4,000 cars. The project is being financed from lease revenue bonds, gas utility revenue bonds, and Tidelands Oil revenues.

The air-conditioned Arena seats 15,000 for concerts or conventions, 11,600 for basketball and hockey. It annually hosts an indoor rodeo, the Ringling Brothers' circus, home basketball games of Long Beach State University and the Ice Capades.

The Arena can be reduced to two-thirds and one-half house seating by utilizing a movable floor-to-ceiling drapery. When used in conjunction with the Exhibition Hall, the Arena gives exhibitors and trade show managers in excess of 178,000 square feet of exhibit space. The Exhibition Hall features a movable partition which divides its 100,000 gross square feet of unobstructed space into areas of 70,000 and 30,000 square feet, or equal areas of 50,000 square feet. The ceiling is 25 feet high and contains all

utilities, providing complete flexibility in booth layout. Easy move-in and move-out is made possible by a gigantic sliding door 132 feet wide and 25 feet high.

A \$34 million Convention Hotel of 542 rooms is planned adjacent to the Exhibition Hall, with construction scheduled to begin in 1980 if all arrangements for the proposed development are successfully concluded. Completion of this facility in 1981 is planned to coincide with development of the Shoreline Aquatic Park, a recreational outlet for citizens and tourists of all ages. The 50-acre site will include a children's play area, recreational vehicle facility, picnic area, and a small boat-rental concession. The park is located south of Shoreline Drive on raised elevation land fill. The cost is estimated at \$4 million. Linking Aquatic Park with other developments will be an elevated 35-foot wide boardwalk running down Pine Avenue from Ocean Boulevard. This \$2.6 million boardwalk will permit shoppers, conventioners and tourists convenient access to all downtown and shoreline facilities. All environmental approvals have been received for the proposed Convention Hotel, including approval of the State Lands Commission and the California Coastal Commission.

A Fisherman's Village restaurant and commercial area is planned for south of Shoreline Drive, east of the Aquatic Park site. This complex will include a five-acre harbor area to be developed with 132 slips. Construction will begin in 1980 for completion in 1982. Cost is estimated at \$4 million.

East of Fisherman's Village the City will construct a \$21 million, 1,660-slip Downtown Marina. The Marina will include slips ranging from 30 to 60

feet, user parking spaces, public paths, bikeways, and fishing areas. Completion of the Marina will be accomplished by 1982, with financing being derived from the sale of revenue bonds and a state loan.

The foregoing Downtown Tidelands Development will complement long range plans for downtown redevelopment by increasing the utility as well as attractiveness of the shoreline. With the exception of the proposed Marina, all of this development is located in the Downtown Redevelopment Project discussed elsewhere herein.

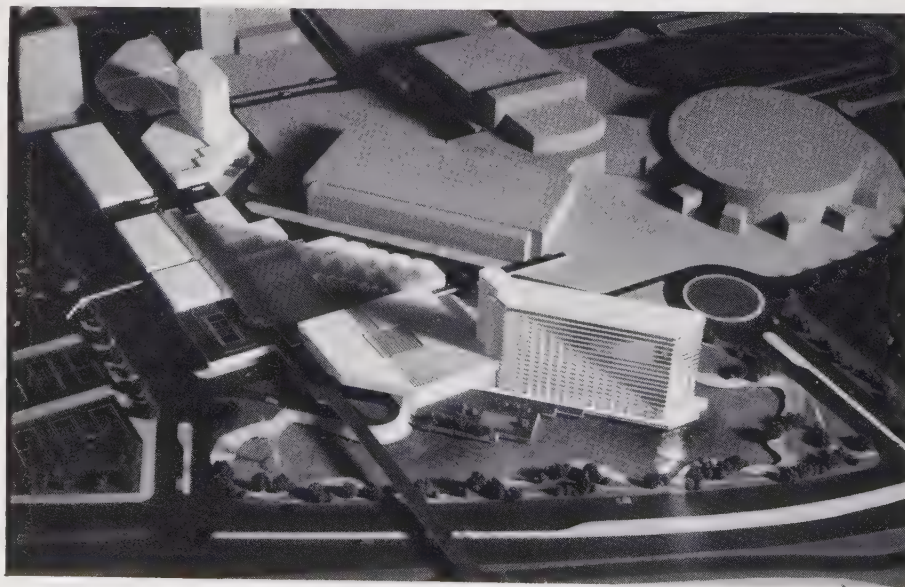
Queen Mary

The Queen Mary was opened to the public in 1971 and provides the City with another unique visitor and tourist attraction. The six-deck Living Sea Museum is the only facility of its kind in the world. The Queen Mary features three major restaurants, three fast food service facilities and about 40 specialty shops. There is a Hyatt Hotel aboard the ship with 403 rooms.

Effective July 1, 1978, control and jurisdiction over the Queen Mary, including adjacent land and water areas, was transferred to the Board of Harbor Commissioners. A special tideland trust fund was established (Queen Mary Fund) in connection with the transfer.

Mary's Gate English Village, a shopping village consisting of 40 shops and restaurants of old English style architecture, opened on a land site adjacent to the ship in May 1974. The village, which includes an English pub, was constructed at a cost of \$2 million.

Model of the proposed Convention Hotel in the Pacific Terrace Center of the Downtown Redevelopment Project. Beyond the hotel are the existing Pacific Terrace Center public facilities. Negotiations are currently in progress with hotel developers and operators.



The Queensway Hilton, located on 18.8 waterfront acres west of the Queen Mary, is a development uniquely designed to afford 85 percent of the rooms with ocean views. Phase one of 200 rooms is now complete and open. A marina with an undetermined number of boat slips is also proposed as part of the development.

To further enhance the City's convention and tourist industry, a Cruise Ship Terminal is under consideration for construction on the east side of Pier J. If built, the facility will be integrated with the marina complex and will serve cruise ships sailing the South Pacific and Mexican ports of call.

Grand Prix

Formula 5000 cars raced through city streets and along the shoreline during the Long Beach Grand Prix in September 1975. The race, the first to be run on city streets in this country in 50 years, was in preparation for the March 27, 1976, United States Grand Prix West Formula 1. Long Beach again hosted the Grand Prix West for Formula 1 cars in 1977, 1978, and 1979.

Petroleum Production

The Wilmington Oil Field, second largest in the United States, traverses Long Beach. Since 1936 the City has developed publicly owned mineral rights on a lease basis. Basically these leases are divided into two categories: Upland Properties, the revenues of which are solely owned by the City, and Tidelands Properties, administered by the City, the revenues of which are shared by both the City of Long Beach and the State of California. Operation of the tidelands is carried out by three contractors—Long Beach Oil Development Company, Powerline Oil Company, and Thums Long Beach Company. All were selected by competitive bidding. "Thums" is an acronym for Texaco, Humble (now Exxon), Union, Mobil, and Shell.

According to the California Resources Agency, production of the Wilmington Field in the 1978 fiscal year was an estimated 49.4 million barrels, with the tidelands accounting for approximately 63% of the field total. Tidelands operations over the years have produced over 900 million barrels of oil, and generated more than \$1 billion in revenues to finance schools and water projects throughout the state.

In 1977/78 the City realized revenues of \$27,170,442 from tidelands operations and \$3,120,236 from the uplands area. Decreased reve-

nues are due largely to the gravity pricing differential imposed by the Federal Energy Administration on local crude oil. Both houses of the State Legislature, the Governor, and the California Congressional delegation have called for elimination of this differential.

The U.S. Energy Research and Development Administration has awarded Long Beach a \$3.5 million grant for a pilot demonstration of tertiary oil recovery.

City oil and gas revenues have gone into numerous public projects including the Port of Long Beach, a \$14 million public marina and Belmont Plaza, which was the site of the 1968 Olympic swimming and diving trials. Most recently, oil revenues have been used for the purchase and conversion of the Queen Mary into a maritime museum and the development of the Long Beach Convention and Entertainment Center.

Transportation

Industry, business and residents alike benefit from the excellent transportation network available in Long Beach. Water, rail, air and highway facilities are highly developed throughout the area.

The San Diego Freeway (I-405), the San Gabriel River Freeway (I-605), the Long Beach Freeway, and the Riverside Freeway traverse the City, in addition to State Highways 1, 22, 214, and 19. This efficient highway grid places Los Angeles and Los Angeles International Airport within 30 minutes driving time.

The Long Beach Public Transportation Company was incorporated in 1963 as a non-profit corporation with all capital shares held by the City of Long Beach. Since that time, the company has provided transit service to the City and surrounding areas. The company's operations are locally supported through the Transportation Fund of the City of Long Beach. Interurban bus service is provided by the Southern California Rapid Transit District. Pacific Greyhound and Continental Trailways serve long distance travel needs from 24-hour terminals in the area.

Rail transportation is provided to the Long Beach area by three major transcontinental railroads: Atchison, Topeka and Santa Fe, Southern Pacific, and Union Pacific. Reciprocal switching is available among all lines.

Motor freight is handled by 79 truck lines and 4,700 for-hire carriers for intrastate and interstate shipments. Overnight delivery is available to San Francisco, San Diego and Phoenix.

The Port of Long Beach is owned by the City and operated by the Harbor Department, which was created by amendment to the City Charter in 1931. Functioning primarily as a landlord, the Port leases or assigns most docks, wharves, transit sheds and terminals to shipping or terminal companies and other private firms for actual operation of these facilities. The complete 11.5 acre Harbor District is one of the most versatile shipping installations in the nation. The Port of Long Beach ranks as the West Coast's busiest port in terms of tonnage handled.

Cargo tonnage handled by the Long Beach Harbor Department established new records for the fiscal year ended June 30, 1978, totaling 32,753,171 tons with a value exceeding \$6 billion. Containerized cargo has registered dramatic gains in recent years. The Port's 225-acre container complex is serviced by 12 high speed gantry cranes at the Port's four deep-water container terminals. All 68 berths are within one to three miles of the open ocean via a 700-foot wide, 60-foot deep main channel. With assets in excess of \$250 million the Port is a major factor in the local economy.

The City also owns and operates the Long Beach Airport, which annually places among the ten most active airports in the nation. The airport is equipped with the latest electronic navigational aids and has five runways varying from 4,200 to 10,000 feet in length.

Aircraft operation is coordinated by the Federal Aviation Administration, which controls the movement of all aircraft. The FAA has a 54-man staff which operates the tower and navigation facilities on a 24-hour basis. The modern system of control complexes includes: Airport Surveillance Radar, High Intensity Approach Lights, Runway Visual Range, Direction Finding, Instrument Landing System, VHF, UHF and other radio communications equipment. The National Weather Service offers 24-hour pilot briefing. PSA schedules nine flights daily to San Francisco, Oakland, San Jose, and Sacramento. Three commuter airlines also serve the airport.

There are 120 industrial tenants on the 1,283-acre airport site, ranging from one-man operations to the giant McDonnell Douglas aircraft plant.

Additional air transportation facilities for passengers and freight are available at Los Angeles International Airport and Orange County Airport, both within a 30-minute drive from central Long Beach via freeway.

Long Beach Airport and Port of Long Beach

| Year | Long Beach Airport① | | Port of Long Beach |
|------------|----------------------|-------------------|--------------------|
| | Number of Passengers | Tons of Air Cargo | Tonnage |
| 1972 | 584,000 | 700 | 21,990,798 |
| 1973 | 479,000 | 2,100 | 26,195,071 |
| 1974 | 610,000 | 650 | 29,785,731 |
| 1975 | 644,000 | 2,150 | 27,675,888 |
| 1976 | 686,000 | 3,100 | 29,378,454 |
| 1977 | 648,000 | 1,700 | 32,753,171 |

① For fiscal years 1972/73 through 1977/78.

Sources: Long Beach Airport; Port of Long Beach.

Utilities

Utility services in the City are provided by the following:

Electricity—Southern California Edison Company; Gas—Long Beach Gas Department; Telephone—General Telephone Company and Pacific Telephone Company; Water—Long Beach Water Department; and Sewer—City of Long Beach.

Education

Long Beach is served by five unified school districts. Most of the City is within the Long Beach Unified School District which provides primary and secondary educational instruction for approximately 59,000 students. The district is considered to be one of the finest in the nation in terms of finance, administration and the scholastic record of its students.

The district operates 55 elementary, 14 junior high, one junior-senior high school, five high schools, one continuation high school, and one guidance-opportunity school.

Post secondary education is available at Long Beach City College, a tax-supported two-year institution administered by the Long Beach Community College District. In addition to the lower division college program, extensive adult education and trade school facilities are offered. Current total enrollment exceeds 31,000 including nearly 6,000 full-time students.

California State University, Long Beach is located on a 320-acre site in the eastern portion of Long Beach on land donated by the City. Opened in 1949 as Los Angeles-Orange County State College, the institution has been given university status and has

the largest attendance in the State University and College system with a current enrollment of approximately 33,000. A distinguished educational program at this university offers 62 undergraduate and 50 graduate degree majors.

Enrollment in the above educational systems for the past five years is presented below:

| Year | Long Beach Unified School District | Long Beach City College | California State University, Long Beach |
|--------------|------------------------------------|-------------------------|---|
| 1973/74 | 61,765 | 25,800 | 30,457 |
| 1974/75 | 59,890 | 28,417 | 30,953 |
| 1975/76 | 59,271 | 32,241 | 32,389 |
| 1976/77 | 58,232 | 31,065 | 31,800 |
| 1977/78 | 59,455 | 31,691 | 32,992 |

Source: Data furnished by each school system.

Other prestigious degree institutions in Los Angeles and Orange Counties include the University of California at Los Angeles, the University of California at Irvine, California Institute of Technology in Pasadena, University of Southern California, and the Claremont Colleges.

Long Beach is the permanent headquarters location for the 19-campus California State University and College System. The trustees of the state system accepted a 6.4-acre site in the western part of Long Beach offered by the City. A three-story office building of approximately 100,000 square feet was completed in late 1976 at a cost of \$5.2 million.

Long Beach has become a center for companies and institutions engaged in the exploration of the ocean and the development of its resources. In 1972, the Trustees of the California State University and College system officially designated the Long Beach shoreline as the site for the creation of an Ocean Studies Center, an ocean science and technology education and research center to be operated as a consortium of six California State Colleges in Los Angeles and Orange Counties. The date for start of construction of the \$50 million Center has not been announced.

Community Facilities

Long Beach has eight general hospitals, a Navy Hospital, a Veterans Administration Hospital and 75 rest homes. Approximately 675 physicians/surgeons, 225 dentists, and 140 other medical specialists practice in the community.

Supplementing the City's Main Library in the Civic Center are 12 branch libraries. In the City are

two newspapers, 59 radio stations, seven VHF and six UHF TV channels received and a TV cable system.

The Long Beach Recreation Department coordinates and maintains municipal and school recreational services, including 24 community centers, 6 day camp areas; 51 ball fields, a mountain camp, 27 park playgrounds, 35 tennis courts, 4 youth clubs, and 4 swimming pools, including the Belmont Plaza Pool, an indoor-outdoor facility of Olympic size. The Municipal Band, Sailing Center, Performing Arts, and Marine Stadium also come under this department.

The Park Department maintains 43 parks totaling 1,620 acres, beautified areas totaling 203 acres, and over 55 miles of traffic islands. El Dorado Park, comprising 703 acres, preserves land for recreation which might otherwise have been used for subdivisions or other private purposes. Originally farmland, the flat treeless terrain was converted into rolling parkland by moving and contouring over 2 million cubic yards of soil, extensive tree planting and creating 40 surface-acres of lakes. El Dorado has been opened in phases, beginning in 1958 when the first 285 acres were made available to the public. A 75-acre Nature Center is part of the complex.

The Park Department operates four golf courses in the City. The Virginia Country Club course is private.

The City Marine Department has responsibility for the control and safeguarding of all recreational activities in the City's water areas, shores and beaches. Included are the \$14 million Long Beach Marina with a capacity of 2,000 boat slips and a waiting list of over 10,000. Covering 150 acres of what was formerly mud flats, the application of Tideland revenues and engineering knowledge changed wasteland area to one of the largest municipally owned and operated small-boat marinas in the world. The Marina consistently generates an annual surplus for other uses by the Marine Department.

The Long Beach Convention and Entertainment Center, previously mentioned, stages productions of the Long Beach Symphony Association, Long Beach Grand Opera, Long Beach Symphony Chorus, Long Beach Civic Light Opera Association, the Theatre Festival, and the Community Concert Association. The Long Beach Community Playhouse is well-known for the excellence of its productions. It recently celebrated its fiftieth anniversary.

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APPENDIX I

FINANCIAL REPORT
of
THE REDEVELOPMENT AGENCY
of the
CITY of LONG BEACH, CALIFORNIA



For the Periods Ending June 30, 1978
with
Report of the City Auditor

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OFFICE OF THE CITY AUDITOR
CITY HALL
LONG BEACH, CALIFORNIA 90802
(213) 590-6751

ROBERT E. FRONKE, CPA
CITY AUDITOR

February 28, 1979

State of California
Department of Housing and Community Development

Honorable Mayor and City Council
Citizens of Long Beach, California
Members of the Redevelopment Agency
City of Long Beach, California

This report is to present the results of our audit of the financial statements of the projects of the Redevelopment Agency of the City of Long Beach, California, as required by Section 33080.1 of the Health and Safety Code of the State of California. This code requires that redevelopment agencies administer the planning, development, redesign, clearance, reconstruction, or rehabilitation of a specifically determined blighted area, which includes provision for residential, commercial, industrial and public structures as may be appropriate in the public interest.

The objectives of our examination were to review, test and report upon the financial statements of the projects of the Redevelopment Agency. Accordingly, we have performed an examination of these financial statements for the periods ended June 30, 1978. Our work did not constitute an audit of financial statements prepared by the City of Long Beach, other than the statements presented in the accompanying exhibits.

Details concerning the scope of audit, the results of audit and the discussion of audit results with agency officials are presented in the following referenced attachments:

Financial Activities - Attachment 1

Accountant's Report

- Exhibit A - Combined Balance Sheet at June 30, 1978
- Exhibit B - Long Beach Downtown Redevelopment Project Statement of Cumulative Net Project Costs to June 30, 1978

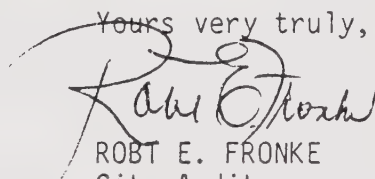
- Exhibit C - West Long Beach Industrial Redevelopment Project Statement of Cumulative Net Project Costs to June 30, 1978
- Exhibit D - Poly High Neighborhood Project Statement of Cumulative Project Costs for the Community Development Block Grant to June 30, 1978
- Exhibit E - West Beach Redevelopment Project Statement of Cumulative Net Project Costs to June 30, 1978
- Exhibit F - West Beach Redevelopment Project Statement of Changes in Restricted Fiscal Agent Fund Balances for the Year Ended June 30, 1978

Notes to Financial Statements

Results of Discussion of Audit Findings and Conclusions with City and Agency Officials - Attachment 2

The report is intended for use in connection with the projects to which it refers and should not be used for any other purpose.

Yours very truly,

A handwritten signature in dark ink, appearing to read "R. E. Fronke", is written over a circular embossed seal. The signature is fluid and cursive.

ROBT E. FRONKE
City Auditor

REF:aoh

FINANCIAL ACTIVITIES

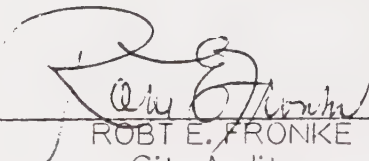
ACCOUNTANT'S REPORT

We have examined the balance sheets of the projects of the Redevelopment Agency of the City of Long Beach, California at June 30, 1978, and the related statements of net project costs and changes in restricted fiscal agent fund balances (where applicable) for the periods then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the West Beach Redevelopment Project, which statements reflect total assets constituting \$9,673,521 of the related combined total of \$15,811,731. These statements were examined by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it related to the amounts included for the West Beach Redevelopment Project, is based solely upon the report of the other auditors.

As discussed in note B to the financial statements, the Redevelopment Agency is a defendant in various litigations involving certain redevelopment projects. The ultimate outcome of these lawsuits cannot presently be determined by legal counsel, and no provision has been made in the financial statements for the effect, if any, of such litigations.

As more fully described in note C in the accompanying financial statements, the passage of Proposition 13 in the State of California will result in the reduction of tax increment revenues received by the projects. The effect of such reduction on the ability of the projects to retire outstanding bonds at their maturity date and other indebtedness is not determinable at this time.

In our opinion, based upon our examination and the report of other auditors, and subject to the effects, if any, on the financial statements of the ultimate resolution of the matters discussed in the preceding two paragraphs, the aforementioned financial statements present fairly the financial position of the various projects of the Redevelopment Agency of the City of Long Beach, California at June 30, 1978, and the results of operations for the periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.



ROBT E. FRONKE
City Auditor
City of Long Beach

Redevelopment Agency of the City of Long Beach, California
Combined Balance Sheet
June 30, 1978

Exhibit A

| ASSETS | Downtown Redevelopment Project (Note E) | West Long Beach Industrial Redevelopment Project (Note F) | Poly High Neighborhood Project (Note G) | West Beach Redevelopment Project (Note H) | Total |
|--|--|---|--|--|---------------------|
| Cash in Bank | \$ 59,541 | \$ 25,782 | \$ (2,386) | \$ 16,520 | \$ 99,457 |
| Downtown Redevelopment Trust Fund | 30,000 | | | | 30,000 |
| General Deposit Trust Fund - Land Acquisition | | 657,121 | | | 657,121 |
| General Deposit Trust Fund - Tax Increment Monies | | 4,788,074 | | | 4,788,074 |
| Accounts Receivable - City of Long Beach | | | 9,969 | | 9,969 |
| Interest Receivable | | | | 21,801 | 21,801 |
| Investments at Cost: | | | | | |
| U. S. Treasury Bills | | | | 98,428 | 98,428 |
| Certificate of Deposit | | | | 618,218 | 618,218 |
| Deposits with Los Angeles County Superior Court in Eminent Domain Actions | 335,607 | | | | 335,607 |
| Net Project Costs (Note D) | 908,318 | (5,388,474) | 4,714,658 | 8,918,554 | 9,153,056 |
| TOTAL ASSETS | \$1,333,466 | \$ 82,503 | \$4,722,241 | \$9,673,521 | \$15,811,731 |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | |
| Accounts Payable | \$ 26,180 | \$ 82,503 | \$ 11,792 | | \$ 120,475 |
| Accrued Bond Interest | | | | \$ 65,082 | 65,082 |
| Due to City of Long Beach: | | | | | |
| Advances | 594,935 | | 4,368,184 | 2,028,502 | 6,991,621 |
| Deferred Charges | 346,744 | | 342,265 | | 689,009 |
| Notes Payable | | | | 3,100,000 | 3,100,000 |
| Advance from Home Savings & Loan Assn. - Land Acquisition | 335,607 | | | | 335,607 |
| Bonds Payable | | | | 3,905,000 | 3,905,000 |
| Good Faith Deposit | 30,000 | | | | 30,000 |
| Fund Balances Restricted for Future Interest and Debt Payments | | | | 574,937 | 574,937 |
| TOTAL LIABILITIES AND FUND BALANCE | \$1,333,466 | \$ 82,503 | \$4,722,241 | \$9,673,521 | \$15,811,731 |

The accompanying notes to financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
Long Beach Downtown Redevelopment Project
Statement of Cumulative Net Project Costs
To June 30, 1978

Exhibit B

| | Total as of 6-30-77 | Year Ended 6-30-78 | Total as of 6-30-78 |
|--|---------------------------|-----------------------|---------------------------|
| <u>Expenditures</u> | | | |
| Legal - General | \$ 38,676 | \$ 31,179 | \$ 69,855 |
| Legal - Litigation Fees | -- | 10,310 | 10,310 |
| Fiscal Consultant | 14,048 | 10,430 | 24,478 |
| Total Professional and Consulting | 52,724 | 51,919 | 104,643 |
| Non-Personal Operating Expenses | 36,418 | 12,320 | 48,738 |
| Wages and Benefits | 188,977 | 126,917 | 315,894 |
| Project Area Committee | 1,375 | 714 | 2,089 |
| Interest Expense | -- | 47,158 | 47,158 |
| Planning Costs | 19,779 | 18,764 | 38,543 |
| Appraisal and Other Acquisition Expenses | 17,335 | 158,793 | 176,128 |
| Relocation Payments | 52,305 | 86,553 | 138,858 |
| Operation of Acquired Property | 39,871 | -- | 39,871 |
| Insurance Expenses | -- | 2,576 | 2,576 |
| Project Improvements | -- | 1,414 | 1,414 |
| Total Project Costs | 408,784 | 507,128 | 915,912 |
| <u>Revenues (Note D)</u> | | | |
| Rental Income | (2,594) | -- | (2,594) |
| Miscellaneous Income | (5,000) | -- | (5,000) |
| Total Project Revenues | (7,594) | -- | (7,594) |
| Net Project Costs | \$401,190 | \$507,128 | \$908,318 |

The accompanying notes to financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
West Long Beach Industrial Redevelopment Project
Statement of Cumulative Net Project Costs
To June 30, 1978

Exhibit C

| | Total as of June 30, 1977 | Year Ended June 30, 1978 | Total as of June 30, 1978 |
|--|---------------------------------|-----------------------------|---------------------------------|
| <u>Expenditures</u> | | | |
| Legal - General | \$ 57,093 | \$ 8,653 | \$ 65,746 |
| Legal - Litigation Fees | 66,015 | 38,247 | 104,262 |
| Fiscal Consultant | 12,613 | 3,030 | 15,643 |
| Total Professional and Consulting | 135,721 | 49,930 | 185,651 |
| Non-Personal Operating Expenses | 22,741 | 7,694 | 30,435 |
| Wages and Benefits | 83,720 | 79,941 | 163,661 |
| Project Area Committee | 42,768 | 35,885 | 78,653 |
| Interest Expense | -- | 24,480 | 24,480 |
| Real Estate Purchases | -- | 459,697 | 459,697 |
| Planning Costs | 2,801 | 22,540 | 25,341 |
| Appraisal and Other Acquisition Expenses | -- | 38,122 | 38,122 |
| Public Improvements | -- | 274,694 | 274,694 |
| Relocation Payments | -- | 62,306 | 62,306 |
| Operation of Acquired Property | -- | 804 | 804 |
| Insurance Expenses | -- | 2,577 | 2,577 |
| Total Project Costs | 287,751 | 1,058,670 | 1,346,421 |
| <u>Revenues (Note D)</u> | | | |
| Tax Increment Revenue | (97,241) | (6,400,685) | (6,497,926) |
| Interest Income | -- | (230,327) | (230,327) |
| Rental Income | -- | (6,642) | (6,642) |
| Total Project Revenues | (97,241) | (6,637,654) | (6,734,895) |
| Net Project Costs | \$190,510 | \$(5,578,984) | \$(5,388,474) |

The accompanying notes to financial statements
are an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
Poly High Neighborhood Project
Statement of Cumulative Project Costs for
the Community Development Block Grant
To June 30, 1978

Exhibit D

| | Total April 1, 1976 to March 31, 1977 | Total April 1, 1977 to June 30, 1978 | Total as of June 30, 1978 |
|---|--|---|---------------------------------|
| <u>Expenditures</u> | | | |
| Acquisition of Real Property | \$ 844,518 | \$1,858,763 | \$2,703,281 |
| Public Works, Facilities and Site Improvements | 17,452 | 124,270 | 141,722 |
| Site Clearance, Demolition and Rehabilitation | 30,613 | 63,318 | 93,931 |
| Rehabilitation Loans and Grants | 7,236 | -- | 7,236 |
| Disposition of Real Property | 25,436 | 41,100 | 66,536 |
| Completion of NDP Project | -- | 208,083 | 208,083 |
| Relocation Payments and Assistance | 221,642 | 610,632 | 832,274 |
| Administration | 361,948 | 299,647 | 661,595 |
| Total Project Costs | <u>\$1,508,845</u> | <u>\$3,205,813</u> | <u>\$4,714,658</u> |

The accompanying notes to financial statements are
an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
West Beach Redevelopment Project
Statement of Cumulative Net Project Costs
To June 30, 1978

Exhibit E

| | Jan. 22, 1965 to June 30, 1977 | Year Ended June 30, 1978 | Total as of June 30, 1978 |
|---|--------------------------------------|-----------------------------|---------------------------------|
| <u>Expenditures</u> | | | |
| Bond Issuance Costs | \$ 50,680 | \$ -- | \$ 50,680 |
| Legal Expense | 38,969 | 188 | 39,157 |
| Bond Interest Expense (Transfers to Reserve Fund): | | | |
| Series "A" Bonds | 1,219,311 | -- | 1,219,311 |
| Series "B" Bonds | 1,940,557 | -- | 1,940,557 |
| | <u>3,159,868</u> | <u>--</u> | <u>3,159,868</u> |
| Real Estate Acquisition Costs: | | | |
| Direct | 5,399,172 | -- | 5,399,172 |
| Condemnation | 311,780 | -- | 311,780 |
| Appraisals | 28,133 | -- | 28,133 |
| Negotiation Costs | 26,114 | -- | 26,114 |
| Title Costs | 10,345 | -- | 10,345 |
| Sundry | 34,197 | -- | 34,197 |
| | <u>5,809,741</u> | <u>--</u> | <u>5,809,741</u> |
| Site Clearing and Operating Costs: | | | |
| Utilities | 6,826 | -- | 6,826 |
| Insurance | 15,534 | -- | 15,534 |
| Property Management | 15,482 | -- | 15,482 |
| Fiscal Agent and Bank Costs | 25,745 | 1,730 | 27,475 |
| Site Clearance | 259,490 | -- | 259,490 |
| Sundry | 13,113 | -- | 13,113 |
| Operating Income | (15,561) | -- | (15,561) |
| Other Income | (14,681) | -- | (14,681) |
| | <u>305,948</u> | <u>1,730</u> | <u>307,678</u> |
| Relocation Costs | <u>120,053</u> | <u>--</u> | <u>120,053</u> |
| Disposition Costs: | | | |
| Appraisals | 4,611 | 4,445 | 9,056 |
| Commissions and Fees | 173,923 | -- | 173,923 |
| Sundry | 78,421 | 9,249 | 87,670 |
| | <u>256,955</u> | <u>13,694</u> | <u>270,649</u> |

| | Jan. 22, 1965 to June 30, 1977 | Year Ended June 30, 1978 | Total as of June 30, 1978 |
|---|--------------------------------------|-----------------------------|---------------------------------|
| <hr/> | | | |
| Costs Paid and Advanced by City (Note H1): | | | |
| Payroll Costs | 257,678 | 20,985 | 278,663 |
| Payroll Burden | 26,981 | 633 | 27,614 |
| Administrative Overhead | 7,129 | 733 | 7,862 |
| Services by City Departments | 214,280 | 20,741 | 235,021 |
| Advances for Consultant Fees | 76,500 | -- | 76,500 |
| Property Acquisition | 150,113 | -- | 150,113 |
| Property Rent | 9,665 | -- | 9,665 |
| Public Improvements | 185,899 | -- | 185,899 |
| Interest Charges | 885,222 | 171,943 | 1,057,165 |
| | <hr/> | | |
| Total Project Costs | 1,813,467 | 215,035 | 2,028,502 |
| | <hr/> | | |
| Revenues (Note D) | | | |
| Interest | (895,029) | (6,688) | (901,717) |
| Payment of Bonds by Other Funds | (418,912) | (1,480,000) | (1,898,912) |
| Accrued Interest on Bonds Sold | (57,903) | -- | (57,903) |
| Premium on Bonds Sold | (9,242) | -- | (9,242) |
| | <hr/> | | |
| Total Project Revenues | (1,381,086) | (1,486,688) | (2,867,774) |
| | <hr/> | | |
| Net Project Costs | \$10,174,595 | \$(1,256,041) | \$8,918,554 |
| | <hr/> | | |

The accompanying notes to financial statements are an integral part of this statement.

Redevelopment Agency of the City of Long Beach, California
West Beach Redevelopment Project
Statement of Changes in Restricted Fiscal Agent Fund Balances
Year Ended June 30, 1978

Exhibit F

| | Reserve Fund (Note H2a) | Disposition Proceeds Fund (Note H2b) | Special Fund (Note H2c) | Total |
|---|-------------------------------|---|-------------------------------|--------------------|
| Fund Balance at June 30, 1977 | \$475,850 | \$524,353 | \$ 645,997 | \$1,646,200 |
| Additions: | | | | |
| Investment Income | 12,741 | 1,696 | 23,567 | 38,004 |
| Tax Revenues | -- | -- | 447,323 | 447,323 |
| Transfers from Other Funds | -- | -- | 38,277 | 38,277 |
| | <u>488,591</u> | <u>526,049</u> | <u>1,155,164</u> | <u>2,169,804</u> |
| Reductions: | | | | |
| Interest Expense | (4,583) | (45,430) | (121,323) | (171,336) |
| Redemption of Bonds, Net of Discount | (256,047) | (480,619) | (648,588) | (1,385,254) |
| Transfers to Other Funds | (38,277) | -- | -- | (38,277) |
| | <u>(298,907)</u> | <u>(526,049)</u> | <u>(769,911)</u> | <u>(1,594,867)</u> |
| Fund Balance at June 30, 1978 | <u>\$189,684</u> | <u>\$ --</u> | <u>\$ 385,253</u> | <u>\$ 574,937</u> |

The accompanying notes to financial statements are
an integral part of this statement.

A. Financial statement presentation and summary of significant accounting policies pertaining to the projects of the Redevelopment Agency:

1. The financial statements presented are prepared from the accounts and financial transactions of the projects of the Redevelopment Agency of the City of Long Beach, California. Accordingly, they do not present the financial position or the results of operations of the City of Long Beach, California.
2. The financial statements presented are prepared on the accrual basis of accounting.

B. A description of the more significant litigations and other matters of a legal nature which may affect future operations:

1. Pending litigation affecting all projects of the Redevelopment Agency—McNutt, et al. v. City of Los Angeles, et al.

On or about August 22, 1977, a lawsuit entitled McNutt, et al. v. City of Los Angeles, et al., Los Angeles County Superior Court Case No. 210576, was filed against fifteen cities in the County of Los Angeles, their redevelopment agencies, and the Los Angeles County Auditor-Controller. The City of Long Beach and the Redevelopment Agency of the City of Long Beach are named as defendants.

The action seeks declaratory and injunctive relief challenging the fifteen redevelopment agencies with regard to the constitutionality of the tax increment financing system for redevelopment projects as applied in Los Angeles County. The action seeks an injunction preventing the County Auditor-Controller from paying tax increments to the defendant redevelopment agencies.

As the case develops, it may be that no California court has dealt with the precise legal questions that may be involved. Therefore, the outcome of this litigation and any resulting adverse effect upon the allocation of tax increment funds derived from a redevelopment project for the payment of principal and interest on loans, advances or other indebtedness outstanding at the time of a final decision are not determinable at this time.

2. West Long Beach Industrial Redevelopment Project -- pending litigation.

- a. Baker, et al. v. Redevelopment Agency, et al. Los Angeles Superior Court Case No. C-133078. This lawsuit is a validation action brought pursuant to the California Redevelopment Law (Sections 33500 et seq. of the Health and Safety Code), seeking to have the Redevelopment Plan for the project declared invalid.

The outcome of this litigation and any resulting adverse effect upon allocation of tax increment funds derived from the Project for the payment of principal and interest on loans, advances or other indebtedness outstanding at the time of a final decision are not determinable at this time.

3. Downtown Redevelopment Project.

- a. F.P.I., LTD., A California Limited Partnership, et al. v. Redevelopment Agency of the City of Long Beach. Los Angeles Superior Court Case No. C-192488. This is an action in Inverse Condemnation filed on March 7, 1977 by the owners of certain real property in the Downtown Redevelopment Project alleging a de facto taking of their real property which they value at \$2,300,000 and resulting damages alleged to total \$870,000.

A legal issues trial is now scheduled for February 26, 1979. This matter is being handled by Agency Special Counsel, Oliver, Stoever and Laskin and the City Attorney's Office, City of Long Beach. Counsel is of the opinion that Plaintiff's inverse condemnation action is without merit.

- b. Utility Relocation. The Redevelopment Agency has entered into Agreements with General Telephone Company and Southern California Edison Company concerning the removal and relocation of their respective facilities from public ways to be vacated within the Downtown Project.

The utility companies have taken the position that the cost of relocation must be borne by the Agency. The waiver Agreements provide that the utilities will relocate their facilities, in order not to delay the Agency projects and, if they choose, to litigate the question at a later date. The total cost is estimated to be between \$1,000,000 and \$2,000,000. Counsel is, however, of the opinion that this suit is without merit.

4. West Beach Redevelopment Project.

- a. No litigation is pending and none existed on June 30, 1978 affecting this project except the McNutt case mentioned above.
- b. Norris Industries contractual obligation. On February 4, 1976 the Redevelopment Agency and Norris Industries entered into a "Second Implementation Agreement" whereby Norris purchased from Agency a parcel of property on which to construct a corporate office building. A part of that Agreement obligated Norris to purchase an additional adjoining parcel from the Agency by January 2, 1981. If Norris declined to so purchase the second parcel, provision was made in the Agreement for the reimbursement to Norris of \$228,128 of the purchase price paid for the original parcel.

On November 27, 1978 Norris and Agency entered into a "Fourth Termination Agreement" whereby it was agreed that Norris would not purchase the second parcel and Agency would market and sell said second parcel. The Agency has agreed to pay Norris said \$228,128 out of the proceeds of sale of the second parcel.

C. Effect of Proposition 13:

Since the passage of Proposition 13 in California, uncertainty exists as to the amount of tax increment revenues that will be received each year by the projects. Presently, it is not certain what effect the reduction in tax revenues received will have on the Agency's ability to retire outstanding bonds on or prior to their maturity date, plus advances and other indebtedness outstanding.

D. Project Revenues:

Incremental tax and other revenue received by the Downtown Redevelopment Project and the West Long Beach Industrial Redevelopment Project are treated as recoveries of project costs. A portion of interest revenue and unusual items such as payment of bond debt by others are treated as recovery of project cost in the West Beach Redevelopment Project.

E. Downtown Redevelopment Project:

On June 17, 1975, the City Council and Redevelopment Agency of the City of Long Beach approved the Downtown Redevelopment Plan. Within the context of this plan, proposals have been received for construction of a shopping mall, a high-rise building, a specialty retail center, a garden office building, a 375-room hotel, and a high-rise condominium project. The first phase is expected to cover an area of approximately ten (10) City blocks. The only property that has been acquired to June 30, 1978 is the Alexander Hotel, which was given to the Redevelopment Agency. The proposal calls for financing the Downtown Redevelopment Project via issuance of Tax Allocation and Lease Revenue Bonds, Community Development Block Grant and other grant funds, and advances from the City on which interest is accrued at 1/2% above the percentage paid by the City on its tax anticipation loans.

F. West Long Beach Industrial Redevelopment Project:

On July 1, 1975, the City Council and the Redevelopment Agency of the City of Long Beach adopted resolutions approving the plan for the West Long Beach Industrial Redevelopment Project. The project covers an area of 1,350 acres from the Los Angeles River to the Long Beach City western boundary, between Ocean Boulevard and Pacific Coast Highway. The project objectives include improving utilities, streets, landscaping and signing and replacing substandard residential and industrial properties with new industrial developments. The proposal calls for financing the West Long Beach Industrial Redevelopment Project with tax increment revenues.

In November 1978 this project was put in abeyance by the Redevelopment Agency due to pending litigation (see Note B2a). In addition, the Los Angeles Auditor-Controller's Office has refused to pay monthly tax increments to the project until this litigation is settled.

G. Poly High Neighborhood Project:

In 1973, the City Council and the Redevelopment Agency of the City of Long Beach adopted resolutions approving the Poly High Neighborhood Project. The project involves the 87 acre area from Pacific Coast Highway to Anaheim Street, between Atlantic and California Avenues. The project's primary objectives are to remove the structures in this blighted area and replace them with improved housing for low and moderate-income families. The plan also calls for construction of an Early Childhood Development Center and a new commercial development. The Poly High Neighborhood Project was initially funded under the Federal Categorical Neighborhood Development Program, and it is currently being financed by a Federal block grant under the Housing and Community Development Act of 1974. Total project costs are approximately \$9,820,000. This includes \$3,579,000 from Neighborhood Development Project, \$1,064,000 from the Long Beach Unified School District and \$466,000 from the City of Long Beach, none of which are included in Exhibit D.

H. West Beach Project:

I. Liabilities

The Redevelopment Agency of the City of Long Beach was established in accordance with Ordinance No. C-4184, effective November 17, 1961. This Agency formulated the West Beach Project Redevelopment Plan to be carried out without federal assistance through the issuance of West Beach Project Bonds of \$4,000,000 and \$5,485,000 payable February 1, 1975 and February 1, 1995 respectively. As of June 30, 1978, Series "A" Bonds amounting to \$4,000,000 have been redeemed. It was the Redevelopment Agency's intent that these bonds be redeemed through tax increment revenues; however, due to delays in the project development, tax increment revenues were insufficient to meet the redemption due date on the Series "A" Bonds. The City of Long Beach advanced funds in the amount of \$3,100,000 to the Long Beach Redevelopment Agency in order to redeem these Series "A" Bonds on February 1, 1975. This loan of City funds to the Agency is to be repaid from incremental property taxes to be received by the Agency after retirement of all outstanding bonds. The interest rate is 1/2% above the percentage paid by the City on its tax anticipation loans.

The outstanding bonds payable of \$3,905,000 are Series "B" Bonds issued in 1965 at 4%, payable semiannually on February 1 and August 1, maturing on February 1, 1995. They may be redeemed prior to maturity with payment of a premium of 1% if redeemed after February 1, 1977. The bonds are collateralized by a first pledge of any and all proceeds from the disposition of project properties and the incremental property taxes levied against the property within the project area.

Since November 1961, advances from the City of Long Beach have provided services to and paid costs and expenses for the project. The advances are to be repaid from tax incremental revenues after all bond obligations have been retired. Interest is accrued on the advances at 1/2% above the percentage paid by the City on its tax anticipation loans.

2. Fund Balance

a. Reserve Fund

Under the terms of the bond resolution, a reserve fund is established to insure payment of interest. Until the incremental property taxes exceed one year's interest on the bonds, the reserve must equal a minimum of two years' bond interest; thereafter, the balance may be reduced to one year's bond interest.

b. Disposition Proceeds Fund

The bond resolution provides that all proceeds from the disposition of project property be deposited in the disposition fund. Such proceeds shall be first used to pay interest on the bonds. After provision for all bond interest to maturity, the surplus is to be used to redeem outstanding bonds. There are no minimum balance requirements.

c. Special Fund

The bond resolution provides that all incremental property tax proceeds are to be deposited in the special fund. If there are insufficient funds in the disposition proceeds fund to pay any installment of bond interest, the remainder is paid from the special fund. Any funds in excess of the next semiannual bond interest payment may be used either to pay future interest or to retire outstanding bonds.

NO UNRESOLVED DIFFERENCES

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